IN THE CIRCUIT COURT OF THE FIFTEENTH JUDICIAL CIRCUIT IN AND FOR THE COUNTY OF PALM BEACH, STATE OF FLORIDA

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THE STATE OF FLORIDA, LAWTON M. CHILES, JR., Individually and as GOVERNOR OF THE STATE OF FLORIDA, DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION, and THE AGENCY FOR HEALTH CARE ADMINISTRATION,

Plaintiffs,

- against -

Case Number: CL 95 1466 AO

THE AMERICAN TOBACCO COMPANY; REYNOLDS TOBACCO COMPANY; RJR NABISCO, INC.; B.A.T. INDUSTRIES, PLC; BATUS HOLDINGS, INC., BROWN & WILLIAMSON TOBACCO CORPORATION, PHILIP MORRIS COMPANIES, INC.; PHILIP MORRIS INCORPORATED (PHILIP MORRIS U.S.A.); LIGGETT GROUP, INC.; LIGGETT & MYERS INC.; BROOKE GROUP, LIMITED; THE BROOKE GROUP LTD., INC.; LOEWS CORPORATION; LORILLARD CORPORATION; UNITED STATES TOBACCO COMPANY; UST INC.; THE COUNCIL FOR TOBACCO RESEARCH-U.S.A., INC., (SUCCESSOR TO TOBACCO INSTITUTE RESEARCH COMMITTEE); THE TOBACCO INSTITUTE, INC.; HILL & KNOWLTON, INC.; BRITISH AMERICAN TOBACCO CO., LTD.; and DOSAL TOBACCO CORP., INC.,

Defendants.

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DEPOSITION of LAURENCE TISCH, held at the offices of Wachtell, Lipton, Rosen & Katz, Esqs., 51 West 52nd Street, New York, New York 10019-6618, on the 2nd day of August 1996, commencing at 10:20 a.m., before Colette Cantoni, a Registered Professional Reporter and Notary Public of the State of New York, pursuant to Notice.



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ALSO PRESENT:

REGGIE ROBERTSON,
Videographer



MR. ROSS: Consistent with Judge Brower's procedure when he was talking about doing this on written questions, although we are going to do this on oral questions instead, we would like an agreement from you --

MR. MOTLEY: Mike, are you listening?

MR. ROSS: Mike?

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MR. MAHER: I hear.

MR. ROSS: We would like an agreement from you that you not give either the transcript or the videotape deposition to anyone outside the scope of your case, or your plaintiffs' lawyers, or the people you need for your case.

We are respectfully concerned about any giving of this to the press.

If you have any such intentions, we would like you to give us notice before you do anything so that we can take appropriate action if we feel it is necessary. And that we don't have any formal protective orders in place in this case.

At least in terms of this deposition or the videotape, we would like your agreement that you will give us notice before you -- if you have the desire to give the transcript to anyone outside the



scope of this case, that you will give us notice of that before you do it.

MR. MAHER: The only problem I have is that if the press asks for it, particularly in Florida with the litigation of the Sunshine Statute, I don't think we have a lot of choice. And I think to put constraint on giving you notice before we do it, I think doing it simultaneously would be appropriate.

MR. ROSS: That wouldn't do us any good.

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I think you do have an obligation to let us know, because we have the opportunity to seek relief from the court before you give it to the press, should you be asked for it or should you just want to do that.

There are hearings that the court has to conduct before -- there is case law on this -- before the press would be entitled to depositions, even under that Act.

MR. MAHER: We certainly intend on transcribing the deposition, and we intend on filing the deposition. And I think at that point in time, the press checks its file daily and I just don't want there to be any misunderstanding --



MR. ROSS: Well, you wouldn't --

MR. MOTLEY: Could I help you with one thing? If you are concerned about us running down every time, like in Dr. Wigand's deposition, and holding press conferences, we are not going to do that. We have no intention of taking the video, passing it out on the streets today, if that is an immediate concern. We have no intention of doing it.

MR. ROSS: All we are asking for is an agreement that you will notify us if you either intend to give it to the press or you are asked from

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the press to give us an opportunity to take action, should we deem it appropriate.

MR. MAHER: My only problem -- I don't want to be misunderstood about it, because if the press picks it up, you're going to think we gave it to them. And that is the concern I have.

MR. ROSS: We are --

MR. MAHER: I don't mind giving you notice before we give it to the press.

MR. ROSS: That is what we are asking.

MR. MAHER: But my problem is this. That the press knows this deposition is being taken.



They know that the deposition will probably be transcribed. And they know that it will be filed.

MR. ROSS: You wouldn't file the deposition in court unless it is part of a motion. That I believe -- isn't that correct?

MR. MOTLEY: No.

MR. ROSS: Depositions are routinely filed with the court.

MR. KRIGBAUM: They are not routinely filed --

MR. ROSS: Unless there is a motion.

MR. MAHER: If you anticipate using the deposition --

MR. ROSS: Right.

MR. MAHER: -- in the proceeding, you

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file it.

MR. ROSS: Right, but the --

MR. MAHER: I would anticipate we would be filing it. You are asking me to assume these things that --

MR. ROSS: Just give us 48 hours' notice that you are going to file the deposition. Or agree to file it under seal until we can get a ruling.

MR. MOTLEY: The State of Florida, we are



under strict explicit orders not to agree to any protective order whatsoever, so you understand that.

MR. ROSS: I am not asking you to agree to a protective order.

MR. MOTLEY: You asked us to agree to file it under seal.

MR. ROSS: I am asking you to agree to give us notice so if we deem that we want to seek a protective order we will have the opportunity to go to the court and seek one.

MR. MAHER: I think maybe what you ought to do is go ahead and file your motion to seal it and we will avoid a problem.

MR. ROSS: You wouldn't agree to give us notice? I thought you just said you would agree to give us notice.

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MR. MAHER: I am concerned about the process, because we are going to get blamed if it gets in the press anyway. I don't want to assume that responsibility. That is the problem.

MR. ROSS: I --

MR. MAHER: So I think --

MR. ROSS: I don't know how you can get



blamed --

MR. MAHER: Why don't you go ahead and file a motion to seal it, and then we will just anticipate that.

MR. ROSS: You were at the hearing last Friday when the judge said that if we were going to proceed by written questions, that option, the answers were going to be sealed and given to him.

MR. MAHER: To the special master --

MR. ROSS: The special master, right.

MR. MAHER: -- to determine the objections.

MR. ROSS: Right.

MR. MAHER: There was no indication that it was going to be sealed.

MR. ROSS: No. He said it was going to be sealed until he resolved anything he had to resolve. That's all he said.

MR. MAHER: Why don't you just go ahead and file your motion to seal it immediately,

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assuming that we are going to file it. And I would assume that it is going to take several days for them to transcribe it. We would agree to a short notice hearing on it.



MR. ROSS: You can't file a deposition until it is signed. They do have the access to a videotape that they could do something with, I suppose. Do you agree to give us notice that you are not going to do anything with the videotape before the deposition itself is signed?

MR. MAHER: No. I am not going to agree to that. Because if the press asks us specifically for a copy of the videotape, the State of Florida cannot refuse that request.

MR. ROSS: Why?

MR. MAHER: Because the State of Florida considers itself bound by the laws of the State of Florida, and the litigation in Sunshine is one of them.

MR. ROSS: But there hasn't been any determination under the litigation in Sunshine, which only goes to the question of whether there is a protective order. Are we talking about something different?

MR. MAHER: What we are talking about is if the press asks for a copy of the tape, we would

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have a very hard time turning it down. And we would have a very hard time telling them that the State of



Florida has agreed to seal that particular tape without notice to you-all. And they would have a lot of fun with that one. We are not going to put ourselves in that position.

MR. MOTLEY: Particularly the venue where that agreement was reached. The CBS Building.

MR. ROSS: All right. Let the record reflect they won't make any agreement.

MR. CRAMPTON: Can we have an agreement that you wouldn't give it to the press, say, for a certain amount of time, and give us a chance to file whatever motion we want to file?

MR. MOTLEY: I promise you we will not be running downstairs passing out transcripts, passing out videos, or holding press conferences. We have no intention to do that. Mr. Tisch is a very busy man and we don't want to take up any of his time by going out in front of this building and carrying on, if that is what you are concerned about. I know that is not your only concern.

MR. ROSS: Right.

MR. MOTLEY: I can alleviate that concern.

MR. ROSS: We also have a concern that

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you do it Monday before we have a chance to get it on file.

MR. MOTLEY: What about Sunday?

MR. ROSS: Equally concerned.

MR. CRAMPTON: How about an agreement until Wednesday?

MR. MOTLEY: No, sir, we can't -- he has already expressed it. We can't agree to this kind of a thing. We are under strict orders not to agree to any sealing of anything related to tobacco, period.

(Pause.)

MR. MOTLEY: Does anybody else have any statement for the record? Okay. I think under the procedure you swear in the witness on video.

MR. MAHER: Yes.

MR. MOTLEY: Is there any requirement that we go around the room and persons identify themselves on camera? I am not from Florida. I don't know.

MR. ROSS: No.

MR. MOTLEY: The Sunshine law does not shine that brightly?

Swear the witness on camera, please.



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THE VIDEOGRAPHER: We are on the video record. Today's date is August the 2nd, 1996. The time is 10:34 a.m. We are located at the office of Wachtell, Lipton, Rosen & Katz, Esquires, 51 West 52nd Street on the 33rd Floor, New York, New York. We will be taking the deposition of Laurence Tisch in the matter of the State of Florida against American Tobacco.

At this time I would ask all those present to state their appearance for the video record, stating their name, firm affiliation and whom they represent.

MR. MOTLEY: My name is Ron Motley. I represent the State of Florida. This is one of my legal assistants, Kathy McGregor. We are from Charleston, South Carolina, with the law firm of Ness, Motley, Loadholt, Richardson & Poole.

MR. MAHER: My name is Michael Maher. I represent the State of Florida. I am from Orlando, Florida, and with the firm of Maher, Gibson & Guiley, 90 East Livingston, Orlando, Florida 32801.

MR. JOHNSON: My name is Brian Johnson, I am an associate with the Ness Motley law firm, representing the State of Florida.



MS. DOMINITZ: Jennifer Dominitz with the

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firm of Simpson Thacher & Bartlett, representing British American Tobacco Company.

MS. HOWE: My name is Anne Howe from Davis Polk & Wardwell, representing RJR Nabisco, Inc.

MR. SARNER: Eric S. Sarner, Skadden Arps, Slate, Meagher & Flom, representing UST Inc. and United States Tobacco Company.

MR. REILLY: John P. Reilly, associate general counsel, and I represent Lorillard Tobacco Company.

MR. KRIGBAUM: Steve Krigbaum of Carlton, Fields, Ward, Emmanuel, Smith & Cutler in West Palm Beach, and I represent Philip Morris.

MR. McDERMOTT: Robert McDermott, Jones, Day, Reavis & Pogue, representing RJ Reynolds Tobacco Company.

MR. CRAMPTON: Bill Crampton of Shook, Hardy & Bacon. I represent Lorillard Tobacco Company.

MR. ROSS: David Ross of Greenberg Traurig and I represent Lorillard Tobacco.

MR. LONG: Gary Long of Shook, Hardy &



Bacon, representing Lorillard Tobacco.

MR. WACHTELL: Herbert Wachtell of Wachtell, Lipton, Rosen & Katz, along with Jeffrey

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Boffa, representing Loews Corporation.

THE VIDEOGRAPHER: At this time I would ask the court reporter to please swear in the witness.

L A U R E N C E T I S C H,

having been first duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION

BY MR. MOTLEY:

Q Mr. Tisch, for the record, good morning. Again, sir, we are in New York City taking your deposition in the State of Florida proceeding to recover Medicaid costs, among other things.

My first question to you, sir, have you ever given a deposition or sworn testimony of any kind at a hearing, rule-making proceeding or the like in regard to tobacco issues?

A Yes.

Q Would you please, to the best you can, tell me about that.





A It was -- my recollection, it was a suit brought by a Florida attorney, I think his name was Rosenblatt, in regard to tobacco on airplanes and the effect on flight attendants, hostesses. I don't know how he termed the lawsuit.

Q Yes, sir. And that was in 1993, do you

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recall?

A I believe it was about that time.

Q Other than the -- and that case I believe was called Broin, B-r-o-i-n, for the record -- have you given any sworn testimony, as I have described earlier, in tobacco matters?

A I don't recollect. I may have. I just don't recollect any specific...

Q Same question in regard, whether sworn or not, to a written submission of any kind or a statement that was not under oath about tobacco matters?

A I don't recollect any.

Q Have you ever given a sworn statement or deposition in any matter regarding the corporate infrastructure of Loews and its affiliates?

A I don't --

MR. WACHTELL: Other than Broin?





MR. MOTLEY: Yes, sir. I am sorry. Other than Broin.

A I don't recollect any of that nature.

MR. MOTLEY: On the record. If counsel for Loews could provide me with a recent organizational chart of Loews it would probably -- or the latest annual statement, it would probably facilitate a lot of shortening of time. I know you

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may not have one in your back pocket. I have one dated 1994. I thought maybe there would be a 1995 one available. It might save us some time.

MR. WACHTELL: I am sure a 1995 would exist by now, but I don't have a copy here, Mr. Motley.

MR. MOTLEY: When we take a break, if someone might accommodate me, I will make as Exhibit 1 a copy of the Loews Corporation 1994 report. If we might substitute the 1995 with one, if it is available readily, without causing too much problems.

Mark that as Plaintiffs' 1, madam court reporter.

(Marked for identification.)

Q What is your current position with Loews,





sir?

A Co-chairman, co-chief executive officer of Loews Corporation.

Q Loews Corporation is, in lay terms, a holding corporation, or how do you describe it?

A I think that's a fair description. A holding corporation.

Q Is there another entity held by Loews Corporation that bears the name Loews, such as Loews Theatres, that currently exists?

A I think there is an entity Loews Hotels.

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I don't know if there are other entities with the name Loews.

Q Do you sit on the board or hold any position with Loews Hotels?

A I don't know. I don't believe so. But I don't know.

Q Do you own stock in Loews Hotels, you personally?

A Personally?

Q Yes, sir.

A No.

Q Does Loews Corporation own all of the stock of Loews Hotels?





A I believe so.

Q And you own what percent of Loews Corporation, personally?

A 16 percent.

Q To your knowledge, is Loews Hotels involved in any development, real estate development project in the State of Florida?

A Yes.

Q Can you describe that for me, sir, to the best of your knowledge.

A Loews is in negotiation with the City of Miami Beach. Loews Hotels is in negotiation with the City of Miami Beach --

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Q Yes, sir.

A -- for the construction of a hotel on the beach in Miami Beach.

Q Do you currently, you meaning -- I am sorry. Does Loews Hotel -- if I slip, I am not doing it intentionally, because I understand this is a matter of importance to both sides that we be precise in defining these terms. Does Loews Hotels, to your knowledge, own any real estate currently, setting aside the negotiation with Miami Beach authorities?





MR. WACHTELL: In Florida?

MR. MOTLEY: In Florida. I am sorry.

A I don't know of any.

Q In regard to the proposed hotel project in Miami Beach, does Loews Hotels own the site that the hotel would be placed, if permitted?

A I don't believe so.

Q Does Loews Hotels own an option or any kind of right to assert an option to own property where the hotel would be located, if permitted?

A I think that's all part of the negotiation. I don't think at the present time we have any assigned right.

Q Same question, Loews Corporation. Does Loews Corporation own any real estate in Florida?

A I don't believe so.

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Q Has Loews Corporation and/or Loews Hotels issued any press statements about the project under negotiation in Miami Beach, that is describing the proposed magnitude of the project?

A There have been reports in the newspapers. I don't know who issued the reports.

Q Do you have a vision or view of what the magnitude of that project would be, if permitted?





A In --

Q In Miami Beach.

A In dollars?

Q Dollars. Size of hotel. Square footage. All of the above.

A I think approximately a 5 or 600-room hotel. In dollars I guess the numbers would approach 80, $90 million, maybe even -- maybe a little less than that. Maybe 60 or 70 million. I don't know the exact number.

Q Do you also propose to purchase the real estate upon which the hotel would be constructed?

A I don't know what the details are.

Q Do you know whether or not Loews Hotels has retained a real estate brokerage and agency to consult and advise in regard to the Miami Beach project?

A A real estate agency? I don't know.

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Q Any consultants, Florida consultants?
A I don't know. I can't answer that.
Q Surely you retained a Florida law firm?
A I would think so.
Q One would hope. Or a New York firm with a Florida office.





Mr. Tisch, I have read reports of your remarkable business career. Is it true that you graduated from New York University at the age of 18?
A Yes, I guess it was just before my 19th birthday.
Q And you have a degree in accounting or business? Which was it?
A Business.
Q Did you have an interest in accounting in college?
A I took a course in accounting, but I didn't have a specific interest in accounting.
Q Did you go to Harvard Law School for a while?
A Yes.
Q What year was that, sir?
A 1946.
Q How long were you at Harvard Law School before you went into business?
A Six months.
Q I suppose this wrangling over press

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releases is what drove you from Harvard. That is not really a serious question.

MR. WACHTELL: Are you suggesting that





the others were, Ron?

MR. MOTLEY: No, not quite yet. Not quite yet.

Q Mr. Tisch, in 1968 Loews's corporate structure, did it include a holding corporation as you and I have defined that?

MR. WACHTELL: What was the year? I am sorry.

MR. MOTLEY: 1968.

MR. WACHTELL: Ron, let me just note for the record, as I understand it in connection with various interrogatories and document requests that were propounded here, that we have interposed time objections, both as to requests going back prior to 19 --

MR. BOFFA: '89.

MR. WACHTELL: -- '89 and indeed as to matters subsequent to the commencement of the action on the grounds that they are not appropriate for jurisdictional inquiry. There has not been a ruling on those as I understand.

I am not going at this time to direct the witness not to answer, because I assume you are just

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going to move on and get to the germane time





period. I do want to note the objection.

As Mr. Ross indicated earlier, it is our understanding that the master has ruled that whether our objections such as this -- that the deposition can go forward, at least -- unless it gets excessive, but that the matter should be held under seal.

MR. MOTLEY: I know nothing about the sealing and about the master's ruling other than what has been related to me. I would suggest that we just plow along. If we reach a problem we can always reach the master on the telephone.

MR. WACHTELL: You can proceed.

MR. MOTLEY: Sure.

MR. WACHTELL: I am hoping, in any event, that you would -- I don't mind if you ask a couple of questions on ancient history, but I am assuming you are not planning to spend a lot of time on ancient history.

MR. MOTLEY: Unfortunately, I don't know your definition of ancient, but history I won't spend time on.

MR. WACHTELL: '69, in my experience, is ancient, but go ahead.

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Tisch

BY MR. MOTLEY:

Q Mr. Tisch, since '69 is ancient to him let's talk about '68, which was my original question. Could you take us back in time to '68. The reason I am asking this question is to understand how it was that Loews, whatever the corporate parent entity might have been called then, came to acquire an interest in Lorillard.

A What is the question?

Q The question is, do you recall in 1968 what the parent structure of Loews Corporation -- it may have been called something else -- was that acquired an interest in Lorillard?

A My recollection, I think it was a holding company in 1968.

Q It being?

A Loews Theatres, Inc.

Q And Loews Theatres, Inc. acquired an interest, did it not, in 1968 in a Lorillard entity?

A They bought shares in Lorillard.

Q Do you recall how many shares, that is percentage-wise?

A 100 percent of the outstanding shares of Lorillard.



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Q So that in 1968 the Loews Corporation, the holding entity, then called Loews Theatres, I believe you said -- no?

MR. WACHTELL: No. He didn't say that Loews Theatres was Loews Corporation.

MR. MOTLEY: Excuse me.

Q In 1968 Loews Theater acquired 100 percent of the stock of a Lorillard entity; is that correct?

A Yes.

Q And that Lorillard entity in 1968, among other things, manufactured cigarettes?

A Yes.

Q Prior to the purchase of the stock of Lorillard by Loews Theatres, which you just described, did you personally participate in any analysis or review any analysis done for you of the business entity known as Lorillard that your company purchased an interest in?

A Lorillard was a public company, and I read the information that was available on Lorillard.

Q Do you recall today whether the information that you read in 1968 prior to the





purchase about which we have been speaking included any information about the so-called smoking and

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health issues that existed at the time?

MR. WACHTELL: There is one thing that I have been advised. Obviously, I wasn't there, Ron, and you weren't there. David Ross was there. I am advised that the special master did rule yesterday that on these jurisdictional depositions inquiries on smoking and health is not appropriate.

MR. MOTLEY: That is not our understanding. Our understanding is that it was in respect to a discovery motion on requests for admissions, and we were instructed that we should not use these depositions as an opportunity to fully plumb and explore all aspects of smoking and health.

We have maintained and continue to maintain that part of the inquiry on jurisdictional matters must of course deal with the issue of a combination or unlawful, in the civil litigation sense, conduct of Loews that may have been a part of other conduct of other entities who have confessed being subject to the jurisdictional accord. That is, the so-called penumbra of conspiracy.





MR. WACHTELL: I will turn to David because David was there and I wasn't, but I understand there has been a fairly clear ruling on the subject.

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MR. ROSS: The special master made it very clear yesterday -- I know neither of you were there -- that there was not going to be inquiry into the subject of smoking and health.

MR. MOTLEY: We weren't there but we spoke with Mr. Gentry who was there, and his recollection is opposite from that. I suppose what we best do is let Mike talk to W.C. again. If there seems to be a clear problem in regard to that, because that is crucial and fundamental to the scope of the inquiry, obviously, if you're right and W.C.'s wrong, and he clearly thinks he is wrong, then there is no need to call the master.

MR. ROSS: I doubt W.C.'s going to think he is wrong.

MR. MOTLEY: It would be a first-time event for most of us over here for W.C. to admit he is wrong.

MR. WACHTELL: Ron, could I make a suggestion? I think that is fine, let the phone





call be made. Could I suggest in the meantime why don't you go ahead with stuff that does pertain with jurisdiction. If there are questions that legitimately -- if you want to ask -- I am not meaning to suggest to you how you conduct your deposition. If you want to ask, did Loews have conversations with Brown & Williamson or American

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Tobacco, so on, I wouldn't object to those questions. If you are going into smoking and health generally, I will.

MR. MOTLEY: Let me make sure you understood what the nature of my question was, and it was very simply this, and that was. In the materials that Mr. Tisch said he did read or have brought to his attention, in those materials were there materials on smoking and health. I didn't ask him what they said. I am merely asking if such were contained.

MR. WACHTELL: You have a history of getting the camel's nose in the tent, Ron, so I thought I ought to note my objection.

MR. MOTLEY: You notice the size of my nose? I started out with a snub nose, but it has grown over the years.





MR. WACHTELL: Why don't you go ahead. Actually, I will let him answer this question. If you are going to go -- if as you indicate you intend to go into smoking and health generally, I will direct him not to answer unless there is a ruling.

MR. MOTLEY: Why don't we do this. Let's go as far as we can. I would ask Mike -- W.C. is available, I am told . I would just plug along here and not take up too much of Mr. Tisch's time

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unnecessarily.

MR. WACHTELL: That is fine, Mike.

(Whereupon, Mr. Maher left the conference room).

Q First of all, he said you can answer that question. I best take --

MR. WACHTELL: Take it while you can get it.

A I don't recall what the --

Q I am sure if I rephrase it we will get in trouble.

The essence of the question was when you did whatever review you did, which you previously described, of publicly-available financial materials on Lorillard, did those available materials, to your





current recollection, include a discussion of smoking and health issues?

A I don't recall what they included. They may very well have included smoking and health.

Q Were you personally aware that there was a smoking and health issue in the public debate, just generally?

A Yes.

Q When did Loews, the holding entity, whatever name it might have had at the time -- and I am not suggesting by that question that you are conceding that there is any relationship between

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what occurred in 1970, for example, and 1996, but just to place something in context. Can you tell me when a Loews entity which you held a financial stake in first acquired a financial stake in Continental Insurance or CNA, or any subsidiary of either of those entities?

A I believe we acquired a stock interest in approximately 1972 or '73.

Q Can you generally recall when a Loews entity acquired controlling interest in CNA, CNA Financials, or Continental Insurance?

A 1974.





(Whereupon, Mr. Maher entered the conference room).

Q Was that a 100 percent controlling interest?

A No.

Q 80 percent?

A We have today an 84 percent interest in CNA. The actual -- in 1974 our interest was less than 84 percent.

Q How much less? Can you --

A No. It was over 50 percent, less than 84 percent. But there was the conversion of preferred stock had increased the interest, and there was some additional purchases over the years that brought it

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up to a total of 84 percent.

Q Would you say that by 1980 the percent of financial interest of a Loews entity and CNA entities exceeded 75 percent?

A Yes.

Q Do you personally subscribe to the Wall Street Journal?

A I read it. I read it every day.

Q That is good enough.

Has the Loews Corporation, or any entity





that was a holding company that bore the name Loews, ever held a meeting in Florida? That is a board meeting or a meeting of the officers and directors.

A The Loews Corporation I don't believe ever held a meeting in Florida.

Q What about Loews Theatres, Inc.?

MR. WACHTELL: Again, I am going to note, when you ask ever, that you are getting into conceivably ancient history. You are getting into ancient history, because you said, you defined Loews Theatres at a time when it was the holding company. So you are way, way, way back decades and decades ago.

I will let him answer, if he knows.

A I don't recall Loews Theatres having a board meeting in Florida.

Q What about a meeting of officers or any

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kind of business meeting?

A A meeting of officers? I don't recall any meeting of officers in Florida.

Q Any kind of business meeting?

A By Loews Theatres?

Q Or Loews Corporation.

A As a corporate meeting?





Q Yes, sir.

A I don't remember any corporate meeting as such in Florida.

Q Mr. Tisch, are you currently a member of the board of New York University?

A Yes.

Q When did you become elected to the board of New York University?

A In the mid sixties.

Q Have you served continuously?

A Yes.

Q When did the university or the hospital honor you with your family name being associated with the hospital?

A I would say this goes back eight to 10 years.

MR. WACHTELL: I am having a very hard time fathoming what this has to do with jurisdiction over Loews Corporation in Florida, Ron. If you want

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to spend your time on this -- I would hope you would ask something that has something to do with what we are here for.

Q Does Loews Corporation own a financial interest in any corporations headquartered in





Florida?

A Can you define what you mean by "financial interest"?

Q Stock ownership. Start with that.

A Are you asking in a portfolio sense?

Q Yes, sir. Yes, sir. Let's start with that.

A There may be. I don't know.

Q Do you know whether Loews Corporation owns an ownership stake in any corporation that has a physical plant or facility in Florida?

A I don't know. They may. If you own stock in a large company, I couldn't say whether that company has a facility in Florida. I don't know.

Q As a function of your duties with Loews Corporation or its predecessor, whatever that name might have been, the holding company, have you ever visited a plant or physical facility site of any company that that entity owned stock in? That is, as part of your duties with Loews, the holding entity, whatever the name might have been over the

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years, did you ever personally visit a plant site, office or physical facility, real estate, whatever,





in the State of Florida incident to your duties with Loews?

A In the State of Florida?

Q Yes, sir.

A That gets complicated. I was chief executive of CBS, Incorporated. Loews had a stock interest in CBS.

Q 20 percent?

A Yes.

I visited a television station that Loews acquired in Florida. No, I am sorry. I misspoke. I visited a television station that CBS acquired in the State of Florida, as the chief executive of CBS.

Q In addition to the CBS visit that you just disclosed, when you were doing the business of CBS, had you visited any plant site, physical facility, real estate, while furthering the business interests of Loews, qua Loews, as opposed to Loews having -- as opposed to your CBS duties?

A As Loews -- I don't recall any.

Q Loews Theatres, Inc.?

A Now the name Loews Theatres, Inc. which was the holding company?

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Tisch

Q Yes, sir.

A I don't recall any.

Q Loews Theater, the subsidiary that bore at one time the name Loews Theater, if it did?

A The subsidiary?

Q Yes, sir. The operating company of Loews Theatres.

A The subsidiary of Loews named Loews Theatres, Inc.?

Q Yes.

A I recall seeing a theater in Florida. I don't recall going into that theater. I recall passing the theater, that Loews Theatres, the subsidiary of Loews, had in Bay Harbor. I was visiting in Florida. But I remember...

MR. WACHTELL: Again, Ron, I really do want to make an objection to going into the distant past, because I don't think it is appropriate. I am letting the witness answer. You are talking about events that are long, long ago and are totally irrelevant to this jurisdictional motion.

MR. MOTLEY: My silence on your comments certainly don't concede that that is correct. Excuse me one second. I have a report from the

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front.

A Sure.

(Pause.)

MR. MOTLEY: Off the record.

(Off the record.)

BY MR. MOTLEY:

Q Mr. Tisch, have you on a personal level or in a business interest level ever read anything about the history of Lorillard either before Loews acquired an interest or afterwards?

A I don't understand the question.

Q There was a chapter in a book written by the son of the founder of Lorillard. Have you ever read that?

A No. At least I don't recall reading it. I mean, I don't know the name of the book.

Q "100 Years of American Commerce." And there is a chapter about Pierre Lorillard, Jr.

Does that refresh your memory at all?

A No, I don't recall reading that.

Q Do you currently sit on the board of Lorillard?

A No.

Q Have you ever sat on the board of a





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company that bore the name Lorillard? I know it has undergone name changes over the years.

A I don't know whether I did or not. I don't recall it. I may have.

Q There are documents --

MR. WACHTELL: I don't want by my silence to have the record indicate it is correct by your saying there have been name changes over the years, but that is all right.

Q At one time, at least up through 1975, was Lorillard's public name Lorillard, a division of Loews?

MR. WACHTELL: Which Loews?

MR. MOTLEY: Any Loews.

Q If you know which Loews, you can tell me of course.

A Was Lorillard's public name?

Q Would there be a stationery or a report to shareholders that described Lorillard in terms of being a division of a Loews entity?

A Could be conceivable that it was. I mean, it was a subsidiary of Loews. How it was described, I don't recall.

Q Which Loews was it a subsidiary of?





A Either Loews Theatres, Inc. or Loews Corporation.

Q The holding company?

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A The holding company. Yes.

Q To your knowledge, has the Lorillard entity ever been a subsidiary of any other operating division owned by the holding company?

A I'd have to check the corporate structure. There may be other things in the corporate structure that I'm -- I don't understand the question. I mean, Lorillard was a subsidiary, or is a subsidiary of Loews.

Is there another subsidiary within Lorillard, is that your question?

Q No, sir. My question is here we got Loews, the holding company. Here we got Lorillard, subsidiary.

To your knowledge, since 1968 has there been an intermediate corporate entity between the holding company and the operating company called Lorillard?

A There could be. I don't know it specifically, but I think there could be an intermediary company.





MR. WACHTELL: Ron, I do not want to interfere with the flow of your questions, but there is no mystery about any of this. If you want, I could tell you what my understanding is.

MR. MOTLEY: Why don't you tell me then.

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MR. WACHTELL: It is my understanding that when Lorillard was acquired, it was acquired by Loews -- someone check me if I am wrong -- that it was acquired by Loews Theatres, Inc. I think it was a division of Loews Theatres, Inc.

And at some point in time, and I can't tell you exactly when, Loews Theatres, Inc. became Lorillard, Inc., and what had been a division of the corporation was dropped down to be a wholly-owned subsidiary of Lorillard, Inc., and as Lorillard Tobacco Company.

Unless we tell you otherwise, that is accurate, okay?

MR. MOTLEY: Okay.

MR. WACHTELL: Is that right? Anyone --

MR. LONG: Yes.

MR. WACHTELL: Yes.

MR. CRAMPTON: Ron, your videographer is video-taping Mr. Tisch getting food.





MR. MAHER: Just go ahead and focus back on the guy who was talking at that time.

MR. WACHTELL: My understanding of the ground rules -- okay. I see. The camera stays on the witness.

MR. MOTLEY: That is not necessarily true. But for this point in time --

MR. MAHER: If he gets up or something

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like that, they don't need to --

MR. MOTLEY: I promise you he won't follow you to the men's room.

MR. WACHTELL: The record should note the witness went to get a cup of -- is it coffee?

THE WITNESS: Coffee.

MR. WACHTELL: And the camera panned. I think that is accurate, Ron, if that is helpful to you.

MR. MOTLEY: That is helpful. Thank you.

BY MR. MOTLEY:

Q Mr. Tisch, have you ever attended a meeting of the board of Lorillard, whether or not you were a member?

A I don't recall attending a meeting of the





Lorillard board.

Q Currently how many persons are in the management level of Loews Corporation?

A Oh, I couldn't answer. I don't know how you define that.

Q How big is the office of Loews Corporation?

MR. WACHTELL: Are you talking about the executive office or any office?

MR. MOTLEY: Let's start with the

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executive office.

A Loews Corporation?

Q The holding company.

A That includes everybody?

MR. WACHTELL: Executive officers.

Q Start with executives officers of the holding company.

A Executive officers of the holding company. I'd say, off the top of my head, eight or 10 people.

Q Does Loews Corporation, the holding company, have offices anywhere other than New York City?

A No. Not that I know of, no.





Q How many total employees are there of Loews Corporation, the holding company?

A I don't know how to define that --

Q Let me start over again. How many employees, who are full-time employees of Loews Corporation?

A I couldn't answer that.

Q 10,000? 120? Which is closer?

A I think 120 is closer.

Q Does Loews Corporation have persons who are employed both with Loews Corporation and with Lorillard? For example, do you share a general counsel? Do you share a public relations

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executive? Those are just examples.

A There is a service agreement where certain functions are paid for by the subsidiary.

Q Which functions are paid for by which subsidiary?

A I think there is MIS work. Personnel.

Q M-I-S?

A Yes. That's computer processing. I think it encompasses personnel services, computer services. There may be certain accounting services tied in with that, financial services.





Q Including tax?

A I believe that may be part of it.

Q Let me see if I understand correctly. There is an agreement between Loews Corporation and all subsidiaries or just certain subsidiaries?

A I think with all subsidiaries.

Q Do they share in the cost or do they loan personnel, or both?

A I think there is a fee paid by the subsidiary for the service.

Q So the services are provided from the holding company to the subsidiary, not vice versa?

A Are you asking if the hold -- if --

Q Does the holding company provide the services or do the subsidiaries provide the services

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to the holding company?

A There is a service company that is related to the holding company that provides the services to the subsidiaries.

Q What is the name of the service company, sir?

A I don't think it has a specific name.

Q Is it a corporate entity unto itself?

A I don't know.





Q Who manages the service component that you have described?

A That would come under the chief operating officer, would be responsible for the operation of the service company.

Q Chief operating officer of Loews, the holding company?

A Yes. I would think it would flow that way, where there is a service company, and the chief operating officer would handle or know about the service company and the components of it.

Q Who is the chief operating officer at this time?

A James Tisch.

Q He is your nephew?

A Son.

Q Son. And he is employed full time by the holding corporation?

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A Yes.

Q Part of what he does is oversees the services entity which the subsidiaries fund by making certain fees for certain services rendered; is that fair?

A I don't know if your description is 100





percent right.

Q Give me your words then.

A I think there may be somebody between him and the service company, but it is the service company that I guess eventually he has responsibility for.

Q There is someone then who is day to day managing the service entity who reports to James Tisch?

A I would think that is how it flows, yes.

Q But the service entity is a department or division or totally owned and controlled by the holding company?

A I don't know whether it is a separate entity, but it would be controlled, I would think, by the holding company.

Q Let me see if I can get a list of the services that you know, sitting here today. I am sure James would be the best person to ask directly, but you are the Tisch gentleman I have before me

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today. So let me find out what you know about the services that are provided for a fee.

You mentioned MIS.

A Yes.





Q And you described that. I understand that there may be more or less within the penumbra of MIS. But that is generally your understanding of what MIS is. You told me that.

A Yes.

Q What about legal services?

MR. WACHTELL: You are talking about Lorillard?

Q Are any kind of legal services or advice provided by the service entity that we have been talking about to Lorillard?

A I think Lorillard has its own legal department.

Q I understand that, and we have a gentleman here who said he is with the legal department.

My question was, are any legal services or advice provided by the services entity for a fee to Lorillard?

A I don't know.

Q Same question, public relations. Is there a public relations service provided to Lorillard by the service entity that is owned in

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some way by the holding company?



Tisch

MR. WACHTELL: There is a presumption in your question that either Loews or Lorillard bothers with public relations, but you are certainly entitled to an answer.

A I don't think so. I don't think there is a public relations service.

Q Same question. Political or public affairs. What I mean by that is dealing with the city government, the state government, the federal government or any kind of government.

A I don't know of any service component similar to what you described.

Q Without me casting it into terms, can you tell me, in addition to the MIS services which you have already explained, what other kind of services you currently understand the service entity provides to Lorillard?

A Personnel. Financial tied in with MIS. Whether Lorillard -- whether the services company provides tax service to Lorillard, I don't know.

Q Mr. James Tisch would be more intimately --

A Yes.

Q -- knowledgeable about those particular

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facts?

A Yes.

Q Do you have any concept of what the budget is, if there is a separate budget, for the services entity?

A No, I don't.

Q The size of the staff of the services entity?

A No, I don't.

Q Would the services entity be half or more of the total population of employees of the holding company?

A I couldn't answer that.

(Pause.)

Q Mr. Tisch, have you ever heard of the Council for Tobacco Research?

A Yes.

Q What do you as chairman of Loews Corporation understand CTR to be?

MR. WACHTELL: Co-chair.

Q Co-chair.

A I haven't heard about it in a number of years. I remember there being this organization that -- my recollection was that it was funded by



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tobacco companies and doing research for the tobacco industries -- for the tobacco industry. But I don't know any of the details of this organization.

Q Have you ever attended any meeting of the board of directors or the annual meeting of members of the Council for Tobacco Research, you personally?

A I don't believe so. I don't recall ever attending any meetings.

Q Do you recall ever receiving, in your capacity as chairman of the Loews Corporation, any reports or minutes of meetings of the Council for Tobacco Research?

A I don't recall ever receiving them.

Q Since you said you read the Wall Street Journal on a daily basis, do you recall an article written on February 11, 1993 about the Council for Tobacco Research entitled "Smoke and Mirrors: How Cigarette Makers Keep Health Question 'Open' Year After Year"?

A I may have read the article. I really can't say I recall it today.

Q As a member of the board of New York University are you also a member of any subboard or governing or managing board that deals with the





hospital of New York University?

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A No.

Q Is the functioning of New York University's hospital something that from time to time is brought to the attention of the members of the board of New York University?

A Yes. The medical center has its own board.

Q What is the medical center currently called?

A New York University Medical Center.

Q Is there a hospital within that name?

A There are a couple of hospitals within it.

MR. WACHTELL: Ron, I am giving you very, very broad latitude here, but I really think you should be directing questions to matters that have something to do with whether Loews is subject to jurisdiction in the State of Florida.

MR. MOTLEY: Yes, I understand your position.

MR. WACHTELL: And at some point I will cease giving you latitude on matters that we think are beyond the pale.





Q Mr. Tisch, which hospital -- what entity bears your family's name?

A Tisch Hospital.

Q Is that part of the New York University

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Medical Center?

A Yes, it is.

Q Is there a specific functioning of that hospital? That is, is it a --

A It is a hospital.

Q It serves all kinds of diseases and illnesses, not just a specific kind? It is not a cancer center or a kidney center?

A No. It is a hospital. General hospital.

Q Is it the largest hospital in the chain -- in the group?

A Is it the largest hospital --

Q Within the New York University Medical Center group.

A Well, that gets complicated, because New York University Medical Center runs Bellevue Hospital for the City of New York.

Q Other than that, is it the largest?

A I guess so. I would think so, yes.

Q Does the New York University Medical





Center board report to the New York University board? That is, who sets the policy for the hospitals, is what I am asking.

A The medical center board.

Q Have you ever served on that board?

A No.

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MR. MOTLEY: Would you mark this as Exhibit 2, madam court reporter.

(Marked for identification.)

Q So you know, Mr. Tisch, this purports to be a Nexus of a Wall Street Journal article dated February 11, 1993.

I merely hand it to you to see whether that refreshes your recollection as to whether or not you may have seen that particular article.

(Witness reviewing.)

A I must say that in looking at the article I don't recall reading the entire article. I may have seen the headline. I don't recall that. But I certainly don't recall reading some of the details within the article.

Q So you do not recall any of the details?

A No. I may have missed the article. I may have seen it. But I certainly -- in looking at





it, I don't recall some of the details within the article.

Q Let me ask you some specific questions about the Loews board. I am addressing now the minutes of any board meeting. Let me ask you this first.

Is there an executive committee of the Loews holding corporation board?

A I would say I think there is an executive

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committee. There is -- I believe there is an executive committee, but the board meets regularly and not -- and the executive committee doesn't have any function as such.

Q Are you on the executive committee?

A I believe so.

Q Would your brother be on the executive committee, also?

A I would think so.

Q What about your son, Andrew?

A Which one?

Q Andrew.

A I don't know if he is or not.

MR. WACHTELL: Ron, I would assume that the annual report which you have marked as Exhibit 1





would indicate who is on the executive committee, so we don't have to engage in a guessing game or memory test.

MR. MOTLEY: It might. Again, I am laboring under the aura of '94.

MR. WACHTELL: I understand.

MR. MOTLEY: I don't know if it is going to change.

A You can see --

Q It is in here. I don't know if in '96 it will change.

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In the 1994 annual report which is Exhibit 1, at page 48 there is a lengthy discussion that goes on for several pages about "tobacco litigation," in Exhibit 1, the Loews Corporation 1994 annual report.

Can you tell me, sir, whether the executive committee and/or the board of directors types up minutes which they circulate and are approved prior to the next meeting?

A The board at its meetings has minutes. Yes.

Q What about the executive committee?

A I don't recall any formal meetings of the





executive committee.

Q Are there any outside directors of the Loews board currently, that is persons outside the family of subsidiaries and the holding company?

A On the Loews board?

Q Yes, sir.

A Well, it is in the --

Q I know, but I don't know who is.

A If you give me the names I can tell you who is outside, who is inside.

Q Have there been any changes since 1994?

A In the board? I don't believe so. No.

Q I will find that, then I will ask you that question.

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But as a general proposition, do you have people outside the holding company and the subsidiaries that serve on the holding company's board?

A Yes.

Q How many are on the board currently? 16? 12?

A No. No. It is all there. If you just go through --

Q He is trying to find it right now.





A It is right there. You can find it.

Q As a general proposition, do you have one or two, or is there a set percentage, of outside board members?

A Let's see now. John Brademas is an outside board member. Charles Benenson is an outside board member.

Q John Brademas is president emeritus of New York University?

A Yes.

Q You have known him --

A Well, he was --

Q -- among --

A He was a congressman for 22 years before coming to New York University. He is an outstanding citizen of this city and this country. He has been

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on the board a number of years.

Charles Benenson has been on the board a number of years. What are the other names, if you --

Q Bernard Myerson, Sony Theatre Management Corporation.

A Bernard Myerson originally joined Loews Theatres and ran Loews Theatres Corporation till his





retirement -- until the sale -- actually, until we sold the theater company.

Q To?

A To -- originally it was sold to a fellow named Perrenchio. And then Perrenchio sold it to Sony.

Bernard Myerson stayed on the board after he left the employ of Loews Theatres -- well, no. He went with the sale of the company to Perrenchio and then stayed on at Loews Theatres. And eventually Loews Theatres's name was changed to Sony Theatres when it was sold to Sony.

Do you have other --

Q Yes, sir, I have them on here. They are self-describe.

A Okay.

Q Back to my --

MR. WACHTELL: You are not going to ask him about all of the outside directors?

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MR. MOTLEY: No. They self-describe.

Q Ms. Gloria Scott is president of Bennett College.

A Yes. An outstanding educator.

Q Note 18 to the consolidated financial





statement, Exhibit 1 of the 1994 annual report, contains virtually three full pages of typed description of tobacco litigation.

Is there within the Loews Corporation board a committee that deals with tobacco and health issues, including litigation?

A No.

Q Is there a committee within the Loews board that deals with tobacco and health matters?

A No.

Q Is there a committee within Loews Corporation composed of officers or upper management that deals with tobacco and health issues?

A No.

Q Is there anybody at Loews Corporation who deals with tobacco and health issues?

A Specifically?

Q Yes, sir.

A No.

Q Tobacco litigation issues specifically?

A No.

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Q Advertising of cigarette products specifically?

A No.





Q Any advertising consulting services in the service entity that we were talking about earlier that your son has some overall supervisory responsibility for?

A I don't know of any tobacco -- any advertising advisors in the service.

Q How is it that note 18 came, the language came to be placed in the consolidated financial statements?

A I think that was required for the financial statements to put in all pertinent data regarding litigation.

Q Do you know who prepared note 18?

A I would think the general counsel.

Q Was it subject to be approved by the board?

A I think all of the information in the annual report is sent to the board members in advance of printing.

Q In 1996 how many times has the board of Loews met?

MR. WACHTELL: Again, I am going to note an objection that I think you are beyond the relevant time frame, Ron.

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Tisch

Q You can answer, Mr. Tisch.

A I think we've had four or five meetings.

Q At any of the meetings in 1996 do you recall whether tobacco and health matters were discussed?

MR. WACHTELL: Same objection.

A They may have come up in discussions at the board level. I don't recall any specific discussion.

Q Tobacco litigation issues, same question. Board meetings, 1996?

MR. WACHTELL: Same objection.

A I would think it was mentioned in the board meeting what was happening in the litigation world.

Q Who generally would report -- let's say that Ms. Scott, a member of the board, were to pose a question at a board meeting. What's going on in the State of Florida Medicaid case? Who on the board would answer that question, if anyone?

MR. WACHTELL: When?

MR. MOTLEY: In 1996.

MR. WACHTELL: Same objection.

A I think anybody who was familiar with it

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Tisch

would answer. But primarily I would think Barry Hirsch, who is general counsel, if it was a legal question, Barry Hirsch is general counsel of the holding company. I think he would speak to the subject.

Q Is Mr. Hirsch a full-time employee of Loews Corporation, the holding company?

A Yes.

Q Was he formerly associated with any law firm, to your knowledge?

A Yes.

Q Which one?

A I don't remember the name of the firm.

MR. WACHTELL: Siligson & Morris.

A But he has been with Loews for many, many years.

Q Is there any committee within Loews, of any kind, that would report to the board or to Mr. Hirsch, to your knowledge, not exclusively with reference to tobacco and health, but whose reporting requirements included tobacco and health?

A No.

Q Does Lorillard Corporation, the entity known as Lorillard, report to Loews Corporation



Tisch

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specific to tobacco and health?

MR. WACHTELL: I don't understand that question. Could I hear it again.

Q Is there a Lorillard employee who has a responsibility and discharges that responsibility to report to Loews Corporation the status of tobacco and health matters?

A Are you talking about litigation?

Q Broadly, tobacco and health first.

A I don't know of any committee.

Q Any person?

A Well, there is a general counsel at Lorillard, Arthur Stevens.

Q Arthur Stevens?

A Yes. Who I'm sure has, or I would think, would have discussions on litigation matters with Barry Hirsch, for instance.

Q Does -- I am sorry. Were you finished?

A I would think that's a normal...

Q Does Mr. Stevens render written reports that you are given a copy of in the course of your duties as co-chairman of Loews Corporation?

A Not that I know of.

Q Does Mr. Stevens attend the board





meetings of Loews Corporation?

A No, he doesn't.

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Q Same question, executive committee.

A No.

MR. WACHTELL: Would this be a good time to take a mid-morning break, Ron?

MR. MOTLEY: Yes, sir. Whatever is convenient with you folks. Are we going to take a morning break, a lunch break or --

MR. WACHTELL: Let's take a brief break, and I would propose we go until about 1:00 and take a lunch break then. Does that meet with your thinking?

MR. MOTLEY: Whatever meets with Mr. Tisch.

MR. WACHTELL: I want the record to note that we are providing lunch for everybody, including counsel for the State of Florida.

(Recess taken.).

THE VIDEOGRAPHER: We are back on the video record. The time is 12:04 p.m.

MR. WACHTELL: Ron, during the recess we checked. And we actually have produced to you the 1995 annual report of Loews Corporation. It is





document production number 72509540 through 9612A. If you want it I can hand it across the table.

MR. MOTLEY: I would appreciate that very much.

(Document handed.)

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BY MR. MOTLEY:

Q Ready, Mr. Tisch?

A Yes.

Q Mr. Tisch, before we took a break we were discussing, or I was asking you questions related to the reportage of matters relating to tobacco and health and tobacco litigation to the board of Loews Corporation.

MR. WACHTELL: Is that what those questions were?

MR. MOTLEY: Yes. Distilling them to their essence without objection, that's what they were.

MR. WACHTELL: I don't accept the characterization, but that's okay.

MR. MOTLEY: That was my feeble effort.

Q Obviously, your son Andrew attends board meetings --

A Yes.





Q -- of Loews on a regular basis?

A Yes.

Q Does he report, or is he called upon to comment upon tobacco and health matters at board meetings?

A Any board meeting, if he knows something and a question is asked, he will respond.

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Q What about as a regular agenda item in 1996, is there an agenda, prearranged agenda for the board meeting?

A There is an agenda.

Q Do the subsidiaries report in some fashion to each board meeting?

A In some fashion they are discussed. Yes.

Q Does that agenda item include a written presentation?

A No.

Q But minutes are taken?

A Of the board meeting?

Q Yes.

A Yes.

Q Including the presentations?

A There aren't any written presentations.

Q Yes, sir. I mean oral presentations.





There are minutes?

A Yes. I mean, there are minutes of the meeting.

Q Are there executive sessions where minutes are not taken of board meetings?

A No.

Q To your knowledge, in the last 10 years, going back to 1986, have there been executive sessions, or however you want to call it, where minutes are not taken and discussions are held in

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the privacy of the board meeting without that being reported?

A Not that I recall.

Q When Lorillard makes a presentation to the board is that done by Mr. Andrew Tisch?

MR. WACHTELL: He didn't say Lorillard made a presentation. He said there were presentations with respect to the business of the subsidiaries.

Q Who makes the presentation about the business of Lorillard to the board meeting?

MR. WACHTELL: When?

MR. MOTLEY: 1996.

MR. WACHTELL: Same objection as to time,





but I will let him answer.

A It could come from the discussion by James Tisch or Andrew Tisch or Roy Posner, who is the chief financial officer, reporting on the quarterly results of Lorillard.

Q James Tisch is an employee of Loews Corporation?

A Yes. He is the chief -- he is the president and chief operating officer --

Q Of Loews?

A -- of Loews Corporation. Yes.

Q Where would he get the information to

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present subject matters relating to Lorillard, James Tisch?

A From Roy Posner, who receives the financial information from Lorillard.

Q Mr. Posner is Loews Corporation or Lorillard?

A Loews Corporation.

Q Where would Mr. Posner receive the information about Lorillard?

A I would think he receives the information from the chief financial officer of Lorillard.

Q Do you recall in the last three years,





'94, '95 and half of '96, whether there have been any reports, oral reports, made by any Lorillard employees other than Andrew Tisch to the board specific to tobacco and health or tobacco litigation issues, either one?

A There have been no reports.

Q None?

A None.

Q Is there a committee of counsel, c-o-u-n-s-e-l, that meets, that is composed of counsel from Lorillard and counsel from Loews, who meet to discuss tobacco litigation issues, to your knowledge?

A I don't know of any formal committee.

Q To your knowledge, have you learned that

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any such meeting has taken place from 1994 to 1996?

A Has there been any meeting between Arthur Stevens as general counsel of Loews and --

MR. WACHTELL: General counsel of Lorillard.

A -- general counsel of Lorillard and Barry Hirsch as general counsel of Loews in these --

Q Two and a half years.

A I would think they talk.





Q Do you receive any written communications -- I am not entitled at this point to ask you what they are, I just want to ask, do you receive from time to time, in the last two years, or have you received in the last two and a half years, any written reports of meetings between counsel for Lorillard and counsel for Loews specific to tobacco and health or tobacco litigation issues?

A I haven't received any. I don't recall receiving any.

Q To your knowledge, does Lorillard enjoy the benefits of any liability insurance policy that would cover tobacco and health litigation?

A I don't believe so.

Q You know so or you don't believe so?

A I don't believe there is any policy that covers Lorillard Tobacco litigation.

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Q Has there ever been?
A There may have been sometime way back. I don't know of any policies since Loews acquired the stock --
Q Of Lorillard?
A -- of Lorillard.
Q Has there been a discussion at the Loews





board level of the availability of any liability insurance to cover tobacco and health claims?
MR. WACHTELL: I don't know what you mean by "availability." You mean can one go out and try to buy it, allege that it exists?
MR. MOTLEY: Liability insurance --
MR. WACHTELL: Availability is the one I don't understand.
MR. MOTLEY: Let me rephrase it.
Q Has there been any discussion at the Loews board level of the existence or nonexistence of liability coverage for tobacco health claims?
A It may have been mentioned at a board meeting. I don't recall it specifically, but it has never been a subject of study as such.
Q Let's hypothesize for a second.
A Yes.
Q We have got an outside board member, Ms. Scott, for example. I am not putting words in her mouth, but just hypothesize. Someone like her,

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says, gee, this report says we got 25 new health claims in. Are we going to call our insurance company, or do we have insurance?

I mean, that is not an illegitimate





question to ask.

A That was my answer. I said it may have come up, but I don't recall it specifically.

Q To your knowledge, have insurance matters, that is related to coverage of any kind that would provide insurance coverage for tobacco health claims, been discussed at board meetings?

A My previous answer, I think, would cover that.

Q Do you know whether any law firms have been retained by Lorillard or Loews to investigate whether or not coverage exists that could be utilized to pay defense costs or pay, actually pay the claims?

A I don't know of any law firm that has been hired for that.

Q Do you know whether any law firm that has been hired for other reasons has that as one of its assignments?

A I don't know what you mean.

Q I recently read, for example, that a subsidiary of British American Tobacco Industries,

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B.A.T. Group, had instituted litigation against insurers in Canada.





MS. DOMINITZ: Objection. Could you clarify which entity you are referring to?

MR. MOTLEY: Say that again.

MS. DOMINITZ: It is not clear which entity, which B.A.T. entity you are referring to.

Q Let me just go with Imperial.

You have heard of Imperial Tobacco Company, have you?

A Yes.

Q It was widely reported, at least in the Wall Street Journal, that there had been litigation instituted by Imperial Tobacco Company against certain insurance companies for the purpose of determining the availability or accessing coverage for Imperial Tobacco Company.

My question to you is, if you assume that that has been reported, has Lorillard instituted any such litigation or investigated a litigation against any insurance carrier with respect to tobacco --

A I don't believe so.

Q To your knowledge, are there any agreements of any kind, whether litigation has been brought or not, between Lorillard and Loews Corporation and any insurance company with respect

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to tobacco and health coverage for lawsuits?

A I don't know of any.

Q Has there ever been, to your knowledge, Mr. Tisch, a committee appointed by the board of Loews or the prior holding company to determine the existence or nonexistence of insurance coverage?

A I don't know -- I don't believe there has ever been a committee appointed.

Q Does Mr. Arthur Stevens regularly or frequently attend Loews board meetings?

MR. WACHTELL: I think you asked that.

MR. MOTLEY: Yes. I don't know what he said.

MR. WACHTELL: No.

A He doesn't attend Loews board meetings.

Q He never attends?

A I never recall him being there. He may have been there once or twice. I don't recall him ever being there.

Q Is there any committee of officers, upper management, or the board of Loews that deals with Lorillard and health issues of any kind?

MR. WACHTELL: I think you asked that, too.



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MR. MOTLEY: This is a little broader. I am now --

A No. No.

MR. MOTLEY: -- now talking legislation.

Q Anything like that.

A No.

Q Did you at some point in time learn that your son, Andrew Tisch, was going to appear before the Congress of the United States, I believe it was in 1994, before Congressman Waxman's committee?

A I guess I did. I don't recall specifically.

Q Was that discussed at a Loews board meeting?

A Not that I recall.

Q Would the minutes or -- let me ask you this first. You may have told me this and I just forgot.

Is there a written prepared, typed agenda for the board meetings?

A Yes.

Q If I were to ask for that, how would I describe that? Is there a term of art?

A Agenda for the board meeting.





Q Okay.

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MR. WACHTELL: It is a pretty simple corporation.

MR. MOTLEY: Off the record.

(Off the record.)

BY MR. MOTLEY:

Q Do you know whether the issue of Andrew Tisch appearing before Congress was on the agenda of any board meeting before he testified?

A I don't believe so.

Q Same question, after he testified.

A I don't believe so.

Q Do you know whether a report was made to the Loews board of the testimony of Dr. Spears and Mr. Andrew Tisch at the Waxman hearings in 1994?

A It may have been mentioned at the board meeting, but I don't recall anything specific.

Q I take it the minutes would tell us whether or not it was discussed?

A I wouldn't know that.

Q Has there been any discussion at the Loews board level of Dr. Jeffrey Wigand?

A I don't recall any.

Q Has there been any discussion at the





Loews board meetings of "low-cost brand cigarettes"?

A When you say low -- you mean discount brands?

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Q Yes.
A It has come up from time to time in discussions on the industry.
Q Has the Loews Corporation, other than learning about the industry and discount cigarettes, made any recommendations to Lorillard in regard to discount cigarettes?
A No. Not that I know of, anyway.
Q Has the Council for Tobacco Research and -- strike that. Have you personally received any subpoenas from a Grand Jury in Brooklyn related to the Council for Tobacco Research, a Federal Grand Jury?
A I don't think --
Q I am not suggesting you have. I am just asking.
A No, I don't think so.
Q Has the issuance of a subpoena to any Lorillard official been discussed at a Loews board meeting?
MR. WACHTELL: Your question presumes





there has been such a subpoena. But I am not commenting one way or the other.
A I don't know of any being discussed.
Q Would it be a regular occurrence if a subpoena were issued by a Federal Grand Jury of a Lorillard official, would that be something that

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would be brought to your attention?

A I don't know. You know, somebody can mention it to me. It is not something I would normally -- I mean, as I say, it could be mentioned to me, could be said to me, but I couldn't say it would be.

Q In fact, has the issuance of a Grand Jury subpoena investigating tobacco matters been brought to your attention in regard to any subpoena that may have been issued to Lorillard or any of its employees?

A No.

Q Do you have any personal knowledge, be it hearsay or otherwise, as to whether or not the Council for Tobacco Research executives have been subpoenaed or a documents subpoena has been served on them by a Grand Jury?

A I have no knowledge of that.





MR. WACHTELL: I think, Ron, that the annual report you have there in the footnote presumably reflects the existence of whatever government inquiries are underway. You are talking about a subpoena. Obviously, in a general way, Mr. Tisch knows what -- I hope he knows, maybe he knows -- what is in the annual report or the footnotes of the annual report. But I believe it is

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a matter of public knowledge that there are certain Grand Jury inquiries underway.

(Pause.)

Q Mr. Tisch, has there ever been a discussion at a Loews board meeting of the issue of access of youths under age 18 to cigarette vending machines?

A I am trying to recall if that -- I don't recall that specifically. It may have been mentioned.

Q You indicated to me earlier that you recalled that the Loews Hotel project was five or 600 rooms. The annual report lists it as being 800 rooms.

And assuming the truth of the annual report's reference to 800 rooms --





A 800 rooms in Miami Beach?

Q Yes. South Beach.

A I would accept that.

Q If five to 600 rooms would be X million dollars project, what would your general understanding of an 800-room hotel be as far as the capital that --

A I guess it would be close to $100 million.

Q The annual report reflects that the Miami Beach project will feature 85,000 square feet of meeting space, four restaurants and lounges, and

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will include the restoration of the landmark St. Moritz Hotel. Does that refresh your recollection?

MR. WACHTELL: As to what?

MR. MOTLEY: As to the size of the venture, if allowed.

A I guess in the 800 rooms is the restoration of the St. Moritz Hotel. So the new construction would be, I guess, 600 rooms.

Q So you add the two together and you get the 800?

A Right.

Q The annual report of 1995 reports the





construction schedule to begin in 1996 with an opening slated for spring of 1998.

Has that been set back in time?

A I guess if everything worked out in their negotiations it can conceivably still be commenced in 1996. But I don't know the exact status today.

MR. WACHTELL: I continue to have my objection that you are, among other things, beyond any relevant time frame, Ron.

Q The Diamond Offshore subsidiary, does it -- where are those drilling rights located? Are they in the Gulf of Mexico, for example?

A No. We have no drilling rights.

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Q What do you have?
A We have rigs that drill for others.
Q Okay. Where are those -- are any of those rigs located in the Gulf of Mexico?
A Yes.
Q Do you know generally where they are located in the Gulf of Mexico?
A No.
Q Do you know whether any of the rig crews depart or embark into Florida coastal parts?
A I don't know, but I have never heard of





Florida -- I never heard of Florida mentioned in the drilling crew or rig business. I have heard of Louisiana and Texas. I've never heard of Florida.
Q Who reports to Loews's board from the Diamond operation?
A James Tisch.
MR. WACHTELL: Wait a minute. If anybody. Again, the same point I made earlier. You can have a report on the subject, but that doesn't mean it is from somebody at the subsidiary. I assume you are asking who tells him about the subject; is that correct?
MR. MOTLEY: I am sorry. Yes.
A James Tisch discusses the subject of drilling rigs.
Q Does the Bulova subsidiary as a general

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proposition, do they have any past -- I passed H. Stern on the way up here today, it shows you I was going in the wrong direction, a retail jewelry outlet. Does Bulova have any retail jewelry outlets?

A Yes.

Q You market through other --

A Other jewelers.





Q Do you know whether any of those jewelers are located in the State of Florida currently?

A Whether we sell merchandise to jewelers in the State of Florida?

Q Yes, sir.

A I would think so.

Q You probably hope so, huh?

Do you know whether any Loews subsidiary has announced any intention to develop any condominium or home site ventures in the State of Florida?

A Loews subsidiary?

Q Let's start with the Loews board. Has the Loews board authorized any employees to look at ventures, real estate ventures, either by themselves or jointly with any other entity in the State of Florida?

A Loews hotels is talking to Universal

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about a hotel venture in the Orlando area at the Universal Park, and the Miami Beach was discussed. I don't know of any others.

Q We have a sense from the '95 annual statement of the status of the progress of the Miami Beach hotel project.





Can you give me some more information about the Orlando --

A I really don't know where that stands. I think there is preliminary discussion taking place between Loews Motels and the people at MCA Universal. I don't know the exact status of the discussion.

MR. WACHTELL: I have my same objection on time, that you begin any relevant period, Ron.

Q Has the Orlando Universal project, if I can call it that, been discussed at Loews's board meetings?

A It has been mentioned.

Q Has it been an agenda item?

A I don't know. I couldn't answer that specifically.

Q Does Loews have a committee, the Loews board, of persons who explore possible venture capital investments?

A Not in the form of a committee. No.

Q How about in the form of an individual?

A I look at potential ventures or James

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Tisch would look at them or John Tisch, who runs the hotel subsidiary, would be looking at hotel ventures. So when you use the word "ventures," it





is so broad.

Q Let me ask this question. To your knowledge, currently is Loews Corporation looking at any business ventures or capital investments in the State of Florida, other than the two we discussed, through Loews Hotels?

A I don't know of any. There may be in other subsidiaries, but I don't know of any.

Q Does Loews Corporation's board have to approve large ventures like, for example, the Miami Beach Hotels venture?

MR. WACHTELL: Loews Corporation?

MR. MOTLEY: Yes.

A Well, it is discussed at the board level. Whether there is a formal vote required, I don't know.

Q Could the Loews board, when this project is discussed at the board level, slow down or stop altogether Loews Hotels from making such a venture?

A I think they could recommend that the project -- I have never seen that situation, but I could picture it, where --

Q They could recommend it?

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A -- where they could say, look, we don't





like this.

Q Let me switch to the same scenario. Could the Loews board direct or recommend to Lorillard not to develop a Premier -- do you recall the -- how shall I say it charitably -- the public discussion or ventilating of the Premier, the RJ Reynolds Premier cigarette brand? Do you recall that?

MR. WACHTELL: What is the question?

A I don't know what the question is.

Q We will start over again. Do you know what Premier is, or what it was?

A I have heard of Premier. Sure.

Q Have you heard of the recent public announcement by RJ Reynolds of another Eclipse project?

A I have heard of it. Yes.

Q If Dr. Spears and Andrew Tisch were to decide to market and develop an Eclipse-like cigarette, hypothetically, in the same fashion as, hypothetically, the Loews board could recommend to Loews Hotels not to build the Miami Beach venture, could the Loews board recommend to Lorillard not to develop and market an Eclipse-like cigarette?

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Tisch

MR. WACHTELL: I have got a problem with your question, because your question has a premise in it that Andrew Tisch and Dr. Spears agree or make decisions for Lorillard.

Q Let's say that Mr. Andrew Tisch has decided to embark on an expensive $100 million research and development project to market an Eclipse-like cigarette --

MR. WACHTELL: Ron, I think the problem is you may be under a misapprehension. Andrew Tisch is no longer at Lorillard.

MR. MOTLEY: All right. Excuse me.

Q Who replaced at that --

MR. WACHTELL: Alex Spears is the CEO.

A Alex Spears.

Q If Dr. Spears today were to recommend or to decide that Lorillard were to embark on a $100 million Eclipse-like project in the same fashion as you said earlier Loews Corporation's board could recommend to Loews Hotel not to do that, for whatever reason --

MR. LONG: Recommended who? I think you said Loews Hotel.

MR. MOTLEY: Loews Hotel. That's what we



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have been talking about. I am trying to draw an analogy between the hotel and his comments earlier about the recommendation they could make in the same scenario with Lorillard and a new cigarette project that was equally expensive.

Q Do you understand what I am saying?

A It is so hypothetical, I mean it is so impractical, the question.

Q Okay. Let's do it this way. Has Lorillard ever reported and asked for suggestions or recommendations to the Loews board on the development of an expensive new brand of cigarette?

A No.

Q Specific to the cigarette True, has any Lorillard official reported to the Loews board or its predecessor, the holding company, the development of the True cigarette?

A To the board? No.

Q To you?

MR. WACHTELL: What does reported mean? Hear anything about it directly or indirectly?

Q How about heard on the street that Lorillard was going to do it? What do you think about that?





MR. WACHTELL: What is the question?

Q The question is reportage is commonly

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understood to be, was it brought to your attention that Lorillard was going to develop the True cigarette?

A This is going back --

Q I understand.

A -- 30 years or so, 20 -- not 30 years. When was True developed? 19 -- I am trying to figure out whether we got there or came right after that. But it was many years ago.

At some point I knew about the development of True.

Q Could the board of Loews or its predecessor holding corporation board have recommended to Lorillard against the development of an expensive new brand of cigarette?

MR. WACHTELL: Ron, the problem I am having with your question is you are ignoring in your questions something I pointed out to you earlier, that back when Lorillard was first acquired it was a division of Loews Theatres.

Loews Theatres was, with respect to the hotels and other businesses, the holding company.





Obviously, if it was part of Loews Theatres, it was part of Loews Theatres.

MR. MOTLEY: Let's --

MR. WACHTELL: In other words, if you

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want to go back to ancient history, if you want to talk about present day --

MR. MOTLEY: I got you.

Q Have you ever heard of a cigarette, proposed brand cigarette, called the Harley Davidson cigarette?

A Yes.

Q What do you know about that?

A It was a brand put out by Lorillard.

Q How did you come to hear about it?

A It may have been -- it may have come up at a -- mentioned at a board meeting.

Q At this point in time when Harley Davidson may have been mentioned at a board meeting, what was the relationship between the holding corporation and Lorillard? Was Lorillard a division? Was it --

A Subsidiary.

Q Wholly-owned subsidiary?

A Subsidiary.





Q When it was brought up, Harley Davidson was brought up at the holding company's board meeting, could, theoretically, the holding corporation have recommended or suggested that Lorillard not develop and market that cigarette?

A I guess as the major shareholder we could have recommended to the board of Lorillard something

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of that nature. It has never happened that the board of Loews made a recommendation of any -- made a recommendation of anything like that to the board of Lorillard.

Q When you were chairman, or as you are co-chairman, has any official of Lorillard ever suggested to you the expenditure of 20 or $30 million on the development of the new cigarette brand prior to the decision being made to do that?

A Well, there is an annual budget meeting where the Lorillard budget is presented where that could be part of their budget proposal.

Q Rather than in the abstract hypothetical, has an agenda item been, to your knowledge, at any holding corporation budget proceeding, the expenditure of 20 to 25 million or more dollars in development of a new product brand line by Lorillard?





MR. WACHTELL: Ron, no one has said as an agenda for budget committee meetings. You have got a premise in there that may be totally unfounded.

Q Well, is there an agenda?

A No.

Q To your knowledge, have such discussions taken place, such being defined as the investment of substantial sums of money proposed by Lorillard, been discussed at budget meetings held by the

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holding corporation?

A They have their budget meeting, and included in the budget meeting is their budget for new brands, for line extensions.

Q Is the budget committee person who is the senior person employed by the holding company authorized to make suggestions or recommendations to the Lorillard senior person involved in those budgeting discussions?

A I think it is more in the nature of a financial review of, this is the estimate of profitability for the year. This is what it is based on. Included in that would be the new products, extensions of new -- extensions of existing product. And it is all part of the number





that is presented as the financial figure for the coming year.

Q Is it merely a reporting by Lorillard's senior budget person to the holding corporation's senior budget person or does the budget person for the holding corporation have a veto or a recommendation power, or how does it function?

A I think it is -- I have never seen a veto of any recommendation.

Q Do they have the authority to say, you don't need to spend X dollars, you need to spend Y, or -- I am trying to find out -- let me do it this

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way.

MR. WACHTELL: Ron, could I suggest you ask who attends these meetings? Because I don't know who they is in your question. You are a little bit in the stratosphere.

Q Who attends these meetings?

A I have attended a number of these meetings. My brother attended a number of these meetings. Roy Posner, the chief financial officer of Loews Corporation, has attended these meetings. James Tisch in the last few years has attended these budget meetings.





Q Is it a requirement that a member of the holding company board attend these budget meetings? You have mentioned board members. I want to know if it is --

A Is it a requirement? I don't think there is a requirement. There is a meeting, a budget meeting held once a year. I am notified of the meeting, and I try to attend the meeting.

Q Would you say, sir, that over the last 10 years there has not been an annual budget meeting, as you have described, without at least one member of the Loews board being in attendance?

A I don't --

MR. WACHTELL: Hold it.

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A I am a member of --

MR. WACHTELL: Hold it. Hold it. Ron, you have got executives of the corporation, some of them are also members of the board.

Do you mean in their capacity as a board member, in the capacity as executive of a company?

Q Let's try executives first.

A Yes. Executives I attend as co-chief executive officer.

Q So executives of the Loews holding





corporation board will regularly attend the annual budget meetings where, among other things, the expenditures for the development of a new product by Lorillard are discussed?

MR. WACHTELL: No, you have got it wrong. I am sorry.

MR. MOTLEY: Why don't you tell me what it is then.

MR. WACHTELL: I think it is a report of the budget of Lorillard to these people.

MR. MOTLEY: That's what I have been trying to ask.

MR. WACHTELL: He told you that.

A I told you that.

Q Okay.

A They present their budget.

Q Okay. So if in my law firm, if I may

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give you an example --

MR. WACHTELL: No. No. We don't want to hear that.

Q If some partner of mine wanted to spend $1 million tilting at windmills, I would have more than them just sitting there and telling me they wanted to spend a million dollars tilting at





windmills; could I say, you don't tilt at windmills for that much money, you can tilt at a windmill for 100,000 but not a million dollar one?

My question to you is very simply, so I can understand it, is all that is happening at all of these budget meetings Lorillard officials reporting, this is what we are going to do, and that's the end of it, or do you have some influence over a decision whether that amount of money is ultimately able to be spent?

MR. WACHTELL: Object to the form. We are not talking about a partnership here. We are talking about a parent holding company and a subsidiary.

MR. MOTLEY: I didn't talk about a partnership, sir. I put it specific to him.

MR. WACHTELL: Isn't your law firm a partnership?

MR. MOTLEY: You must have been asleep

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when I finalized the question.

MR. WACHTELL: Why don't you ask a question that leaves your law firm out of it then.

MR. MOTLEY: I didn't pose the question with my law firm in it then.





MR. WACHTELL: Do you want to read it back?

MR. MOTLEY: We wouldn't challenge your recollection, would we?

MR. WACHTELL: Not in this case you wouldn't.

Q Tell me, Mr. Tisch, is all you are allowed to do as an executive of Loews board to sit there and listen to these annual budget meetings when Lorillard proposes to spend X dollars for the development of a new brand, or do you have an ability to influence that recommendation in any fashion? Is it fait accompli, or could you influence it? That is a very simple question.

A Well, I guess the people at that meeting could influence it. I have never seen a case where they have. I guess it would require exercising our stockholders' rights in making changes at the board of a subsidiary.

MR. MOTLEY: We have a call that we have set up with W.C. and other members of the Florida team to discuss what happened at the hearing so we

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can determine how long we will go and what we will be permitted to ask, if we can reach an agreement.





Or failing that, to set up a conference call with the master about the scope, since there may be disagreements that persist even after this conference call.

He and I, not having been there, we want to hear it directly from the horses' mouths of those who were there, if you would forgive us for 10 or 15 minutes. It may shorten the deposition if my colleague is correct.

MR. ROSS: Why don't you talk to him when we take our lunch break.

MR. MAHER: That is good.

MR. MOTLEY: I fear they won't be able to find them again.

MR. MAHER: We are going to take the lunch break right now.

MR. WACHTELL: You want to start the lunch break early?

MR. MOTLEY: If that's okay. That way we won't take up any more of his time.

MR. WACHTELL: That is okay. Perfectly fine.

(Whereupon, at 12:50 p.m., a luncheon recess was taken.)

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A F T E R N O O N  S E S S I O N

(Time noted: 1:41 p.m.)

THE VIDEOGRAPHER: We are back on the video record. The time is 1:41 p.m.

L A U R E N C E  T I S C H,

having been previously duly sworn, was examined and testified further as follows:

EXAMINATION

BY MR. MOTLEY: (Continued.)

Q Mr. Tisch, I had left off with a discussion of the Harley Davidson cigarette.

A Yes.

Q Did the Loews board have an agenda item capturing a discussion of a lawsuit filed by Lorillard against the Harley Davidson Motorcycle Company, or whatever the corporate name might be, regarding advertising of Harley Davidson cigarettes?

A I don't think there was an agenda item as such. I knew about the dispute between Lorillard and Harley Davidson.

Q Did the -- first question. Was the board of Loews Corporation advised that Lorillard intended to sue Harley Davidson? I believe the first suit was in 1993.

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Tisch

A I don't believe so.

Q Did you first learn about it by reading it in the newspaper?

A I don't recall where I learned about it.

Q The case was settled, was it not, the first one?

A Yes.

Q How was the board of Loews advised of the settlement?

MR. WACHTELL: If it was advised.

A If it was advised at all, it came up at a board meeting, just a mention that there was a settlement. I don't recall it specifically, though.

Q Were you advised of the settlement in a fashion other than a board meeting of Loews?

A I may have been.

Q Did you make any recommendations about the first Lorillard versus Harley Davidson lawsuit?

A No.

Q Were you asked for your opinions?

A I don't believe so.

Q The second -- I believe there were two separate cases, correct?

A It would apply to both.



Tisch

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Q So your answers about being advised and recommending as to the second would be the same as your answers to the first?

A This was handled by Lorillard management.

Q Did Mr. Hirsch, the general counsel of Loews Corporation, report to you about -- independent of any board meeting or independent of any Lorillard report, did Mr. Hirsch report to you about the specifics of the settlement of Lorillard versus Harley Davidson?

A No.

Q Did you ever see a written report, either in your capacity as co-chairman of the board or as an officer of Loews Corporation?

A No.

Q In 28 years have the officers of the holding company or the board ever vetoed any project of the Lorillard Company in regard to cigarettes?

MR. WACHTELL: My mathematical skills don't take me to what year is 28 years except I know it is too long.

MR. MOTLEY: It is '96, from 28, is '68.

MR. WACHTELL: Okay. You say the holding company.





MR. MOTLEY: I don't want to get into a wrangling over the name of the company or the divisions or all of that. I understand the

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objection. Let me start over.

Q When the Lorillard entity was a division of the Loews entity --

MR. WACHTELL: Loews Theatres.

MR. MOTLEY: Pardon?

MR. WACHTELL: Loews Theatres.

Q Loews Theatres -- did Loews Theatres veto any action that Lorillard wanted to undertake in regard to cigarettes?

A None that I recall.

Q Same question, different entities. When they were a wholly-owned subsidiary, they being the Lorillard entity, did the Loews board veto any action that Lorillard wanted to undertake in regard to cigarettes?

A Nothing that I recall.

Q No spending vetoed?

A No.

Q No advertising vetoed?

A No.

Q Any involvement with CTR vetoed, Council





for Tobacco Research?

A Over the years Lorillard has always had an excellent management that runs Lorillard very responsibly. And while Loews could make recommendations, I don't recall making any

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recommendations of that type, because the management was a very responsible, honorable group of people.

Q Did the Loews board ever assert any influence over any involvement of Lorillard with the Council for Tobacco Research, or its predecessor?

A None that I can recall.

Q Same question, Tobacco Institute?

A None that I can recall.

Q Did Lorillard report specifically to the Loews board in regard to any tax credits, allowances, or deductions taken by Lorillard in connection with funds that were given to CTR to be distributed in the form of grants and aid to medical researchers?

A I don't recall any specific discussion of that.

Q In budget meetings did Lorillard officials report to the Loews board that certain tax deductions, credits, or however you want to describe





them, were going to be taken by Lorillard in regard to the Council for Tobacco Research funding?

MR. WACHTELL: Ron, he told you before that the annual budget meeting or presentation was to executives of Loews, not to the board.

MR. MOTLEY: Okay.

Q Did the executives of Loews, the holding company, take any action in regard to any reporting

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that Lorillard did of tax expense or tax deductions being taken by Lorillard as a result of funding by Lorillard of CTR projects?

A I don't recall ever discussing that.

Q Were you aware that Lorillard was taking some sort of tax credit, ever how you want to define if ? I don't want to get into tax code definitions.

A No.

Q Did you ever ask any questions, you or in your presence any other officer of Loews, ask any questions of Lorillard at any financial meetings, as to how they were taking tax deductions occurring as a consequence of funding CTR?

A No.

Q Do you ever recall the funding of CTR





being discussed at any budget meeting or any other financial meeting between officers of Loews and officers of Lorillard?

A I think there was an item in the budget for CTR, but I don't recall specific discussions on the item.

Q Did Loews in any way, the holding company, enjoy any tax credits or tax advantages being passed through from Lorillard to Loews?

A I don't know of any.

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MR. WACHTELL: I don't understand the question. In other words, Loews, as I understand, as required by law files a consolidated tax return. If Lorillard has business expenses, obviously they are going to show up on that, or any other kind of proper deduction, they are going to show up on the tax return. When you say does -- I don't remember the wording of your question, but does Loews enjoy, it is meaningless to me.

MR. MOTLEY: Okay.

Q Has the Loews board in any fashion, or the Loews officers, investigated the bona fides of any business deductions, tax credits, loss of, diminution of tax liability, that Lorillard has





claimed as a result of the Council for Tobacco Research funding?

A I don't recall any discussion at the board.

Q I said officers or board.

A No. No. Or board. As far as I am concerned, I don't remember any discussion on that.

Q Did you, Laurence Tisch, ever ask of Lorillard officials at any time whether or not the tax credits, deductions, diminution in profits for which taxes had to be paid, springing from the Council for Tobacco Research, did you ever ask any questions about their legitimacy?

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A No.

Q Did anyone from Loews ever ask, in your presence, the legitimacy of those credits or ever how you want to describe them for CTR funding?

A Not that I recall.

Q So you, and as far as you know, your fellow officers accepted at face value any deductions, credits or whatever that Lorillard was claiming as a result of funding to CTR?

A As far as I know, yes.

Q You never made any inquiry about that





subject?

A No.

Q And I don't mean this in any belittling way, but did you just accept their word and rubber stamp it when you filed your consolidated financial statements?

A I didn't -- I wasn't involved in the Lorillard audit or the financial filings of the statements. Lorillard is a responsible company, responsible corporation, and I'm sure that whatever they did was proper. Worked on under that assumption.

Q Do you personally know as a businessman who has been involved in many transactions and working -- strike that. Is New York University a

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state-funded institution, the hospital, medical center system, is it state funded, private or mixed?

A You are getting into an area that you better get some experts in, because I don't know of any medical institution that doesn't receive money from various entities, whether it is Medicaid, Medicare. But it is a private -- it is considered a private hospital.

Q Are you familiar with the difference





between for IRS purposes something called a 501C-3 and something called a 501C-6?

A No, I don't know the difference between a C-3 and a C-6. If you can explain.

Q I am not certain I do. I was wondering if you do.

A Oh, no.

Q Has anyone with Lorillard ever advised you or the board that lawyers representing Lorillard were involved in decision making by -- strike that -- that lawyers, either in-house for Lorillard or retained by Lorillard, were involved in meetings of the Council for Tobacco Research where decisions were made about funding scientific research projects?

MR. WACHTELL: I think you are really getting very, very far afield now of a proper jurisdictional inquiry. You are now, you are going

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into Lorillard's business with reference -- I guess your last question is Council for Tobacco Research?

MR. MOTLEY: Yes, sir.

MR. WACHTELL: I will let him answer the question. I am really not going to permit an open door inquiry into everything having to do with your





allegations on the merits.

MR. MOTLEY: This is my allegation on the merits. For the record, that there was a combination of activity between Lorillard and others relating to the Council for Tobacco Research which redounded to the damages of the State of Florida.

MR. WACHTELL: Right. That's not what I am going to let you get into.

MR. MOTLEY: I want that to be clear.

MR. WACHTELL: I understand your allegations. That's exactly what I am saying. Some day on merits discovery if you want to go into that there was some sort of conspiracy or other inappropriate arrangement between Lorillard and other members of the tobacco industry, that is fair game for merits discovery, but it is not fair game for today. That is all I am saying.

MR. MOTLEY: I am not meaning to quibble with you at all. So the record will be clear, because we do intend to go to the court with this

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next week, is it the position of Loews that the State of Florida cannot inquire on the issue of proper exercise of jurisdiction as to conduct between two alleged civil co-conspirators?





MR. WACHTELL: It is the position that on jurisdictional discovery you should confine yourself to subjects having to do with whether there is jurisdiction over Loews Corporation in the State of Florida, and not whether there was a conspiracy between Lorillard and, hypothetically, RJR Tobacco Company. It is very simple.

I am not directing the witness not to answer the particular question, because I want to give you more than fair latitude here. We have been getting along very well, and I hope we will continue to do so. But yes, my position is you can question him on things having to do with whether there is jurisdiction over Loews Corporation in Florida, but not as to whether there is a conspiracy between Lorillard and RJR. Precisely.

MR. MOTLEY: What about as between Lorillard/RJR countenanced by Loews? Would you permit those questions?

MR. WACHTELL: You can certainly ask him, as I have been letting you ask him, as to what is the corporate interrelationship between Loews and Lorillard. And does Loews run the Lorillard

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business or does Lorillard run the Loews -- and I haven't been attempting to restrict you in any way on that. That, you can ask about.

When you get into what is Lorillard doing vis-a-vis other people in the tobacco industry, you are beyond the line.

I am giving you very broad latitude, Ron, and I intend to do so. Why don't we go ahead and I think --

MR. MOTLEY: Could you excuse Mr. Maher and I for two minutes and let us have a discussion outside.

THE VIDEOGRAPHER: We are off the video record. The time is 1:57 p.m.

(Off the record.)

THE VIDEOGRAPHER: We are back on the video record. The time is 2:03 p.m.

BY MR. MOTLEY:

Q Mr. Tisch, how long have you personally, in a professional context, known Alexander Spears?

A Oh, I think over 25 years.

Q Same question of Arthur Stevens.

A As long as he has been at Lorillard. I guess it is 25 years.

Q Curtis Judge?

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Tisch

A When he came -- when he first came to Lorillard 25 years ago.

Q And Mr. Lester, is it Pollack?

A Pollack. Longer than that. I would say 30 years or more.

Q Were you ever involved, personally involved, with decision making regarding something called Project 111 in regard to Lorillard?

A What is Project 111?

Q That is what I am asking you.

A I don't recall what Project 11 is -- 111 is.

Q Have you ever been involved in decision making with respect to testing, research testing done on human beings by Lorillard or funded by Lorillard and done by research institutions?

A Personally?

Q Yes, sir.

A Was I involved in the decision making?

Q Were you involved in learning -- did you learn that human experiments -- human research experimentation was being funded by Lorillard in regard to tobacco smoke?

A Tobacco smoke?



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Q Smoke from tobacco. Constituents of smoke from tobacco?

A I don't recall any project that I was involved with.

Q Did you learn at any time from 1975 to 1995 that Lorillard was funding human experiment research where human beings were being exposed to things emanating from cigarettes?

A I don't recall knowing.

Q Sir, do you personally own any property in Florida?

A I am an investor in real estate, two or three -- I guess two, I would say, real estate projects in Florida.

Q Where are they, sir?

A Both in the Miami -- in Dade County.

Q Are these commercial, industrial or residential real estate ventures?

A One is commercial. One is primarily residential.

Q Do you own or partially own any residence that you sometimes occupy in Florida?

A No.

Q Are any of the real estate investments





that you have described in Florida subject to any

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payment of expenses arising from the ownership by Loews Corporation?

A No.

Q These are all personal, private investments?

A Yes.

Q Does Loews Corporation, to your knowledge, own any share of those investments?

A No.

Q What about your brother?

A I think the same would apply to him.

Q That he is a co-owner but --

A He is a co-investor, but Loews has nothing to do with any of his invest -- I mean of his co-investments in Florida.

Q What about any of the subsidiaries, do they reimburse any expenses that you or your brother might have, to your knowledge, in regard to your brother?

A No.

Q Any telephone numbers that Loews Corporation -- I don't know what you do with telephone numbers in the State of Georgia. I guess





you can own a telephone number. Any expenses incident to a telephone line going into Florida that Loews Corporation pays for?

A No.

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Q Same question of any subsidiary.

A No.

MR. LONG: Did any subsidiary have a phone line in?

MR. MOTLEY: Florida.

MR. LONG: No, I was --

MR. MOTLEY: I thought you were going to give me something.

MR. LONG: No. I wasn't sure I got the question.

MR. WACHTELL: Wait a minute. I understood the question to mean were subsidiaries funding any phone lines of his in Florida. Obviously subsidiaries have phone lines in Florida. Presumably they do.

Q Does Loews Corporation have phones in Florida?

A Loews Corporation?

Q The holding company.

A Not that I know of.





(Pause.)

Q Do you recall the name of a consultant, whose name I can't pronounce but I will do the best I can, Dr. Dalhamn? Does that name ring a bell?

A Yes.

Q Who was he, sir?

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A Dr. Dalhamn was a Swedish citizen who I believe my wife and I met when we visited Stockholm in 1970.

Q Did you visit him in connection with pleasure or were you over there on business?

A I was there on pleasure. I was coming -- actually, I think on that trip I was coming back from the Soviet Union through Helsinki, Stockholm, and on to London.

Q Did Dr. Dalhamn meet you at the airport?

A No. He had done some work or was in the process of doing some work for Lorillard in Sweden. And we -- my wife and I knew nobody in Stockholm, and we had dinner with Dr. Dalhamn and his wife as we were coming through Stockholm.

Q Were you involved in receiving information before or after your dinner with Dr. Dalhamn -- is it Dalhamn? I am sorry?





A Dalhamn. I don't --

Q -- Dr. Dalhamn before --

A I think I may have inquired once or twice what was happening with his work, because you know I had met the man.

Q Can you give me an approximate time frame when you had that dinner? Was in the winter --

A 1970.

Q I know, but do you recall --

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A Yes. I remember leaving Soviet Union at the end of September, and it was freezing.

Q September of 1970?

A '70. I was glad to get to Helsinki and then to Stockholm where things were normal. So I think it was, my guess would be, the end of September, beginning of October of 1970.

Q You don't recall being involved in receiving information about Dr. Dalhamn and his research on behalf of Lorillard prior to that time; is that fair?

A No. I think when I -- when it was arranged for him to meet us for dinner, I knew that he was doing some work for Lorillard.

Q Do you recall whether he had been doing





that work for some several years prior to that dinner?

A I believe it was for a couple of years prior to that. I don't know exactly the dates.

Q How long after your escape from the cold of the Soviet Union and embracing the warmth of his company in Stockholm, how many years after that did you continue to be apprised of Dr. Dalhamn's research?

A I wasn't continued to be apprised. Every once in a while, I guess maybe once or twice or

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three times, I don't know, I just out of curiosity I would ask a question, you know, anything new with Dr. Dalhamn or Dr. Dalhamn's research?

Q Did Lorillard, to your knowledge, reimburse any of your expenses for the trip to Stockholm?

A No.

Q Who paid for the meal? I am teasing. I am teasing. What did you have?

A I could remember. It was a nice restaurant. Pretty town, Stockholm, by the way. Nice town, nice city. After Moscow anything in those days looked good.





Q Who would Mr. Kennedy have been in 1970 in connection with Lorillard or the holding company?

MR. WACHTELL: When you say "Lorillard or the holding company" --

MR. MOTLEY: Either one. I don't know if he is with either/or.

Q Who is Mr. Kennedy?

MR. WACHTELL: I think at that point Lorillard was part of --

MR. MOTLEY: Was part of the division.

Q Who is Mr. Kennedy?

A It is funny. I remember the name Kennedy. I can't picture him, or I can't picture

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what he did.

Q How about the same question of Mr. Okerson?

A Yes. Okerson, I think, was an officer of Lorillard, to my recollection.

Q Mr. Kontos, K-o-n-t-o-s?

A I remember that name, also. I couldn't describe his function.

Q Would it be fair to say that when Lorillard was a division of the holding company,



Loews Theatres, in the seventies -- and I don't know when the date stopped, but if you know you can help me with that. Can you tell me when --

A No.

Q -- when it switched?

A No, I can't.

Q When it was a division was it more closely managed by -- was it managed in any fashion by Loews, the holding entity?

A I don't think so.

Q When it was a division there was no supervision by Loews of the day-to-day management decisions?

A No. There was a chief executive at Lorillard. And Lorillard, as I say, had a group of executives that ran Lorillard.

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Q How often would you in the seventies receive information about any tobacco and health research Lorillard was either conducting in-house, conducting through the Council for Tobacco Research funding, or actually conducting itself by retaining consultants?

A Lorillard ran its own business. They had a competent group of people there. And I was not





consulted on the way they ran their business or what they did in their business. And I don't -- I wasn't consulted on research or expenditures for research or anything like that.

Q You are not saying you didn't receive reports?

A No. In connection with our budget meeting there would be in the budget a research number.

Q Would you receive reports from time to time of the research results?

A I don't recall receiving any.

Q Did you receive reports or correspondence in regard to the National Cancer Institute and any research they may be conducting on smoking and health?

A Receive it from Lorillard?

Q Yes, sir.

A I don't recall that.

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Q Over the past 20 years, let's say from 1975 to 1995, how many CEOs ran Lorillard?

A Curt Judge. Bob Ave. Andrew Tisch. And Dr. Spears.

Q Mr. Judge is retired in my home county.





A Yes.

Q Do you see him often?

A I saw -- Curt and his wife were up in New York, oh, I would say about nine -- maybe six to nine months ago. And I saw them at a cocktail party.

Q Two different occasions or same occasion?

A Same occasion.

Q Have you ever visited my lovely city, Charleston?

A No. I drove through Charleston, I think it was, in 19 -- I think it was on the way to Florida in 1948, for vacation. I think I landed there at an airport 15 -- 10 or 15 years ago. But it is on my list of cities to visit because I hear wonderful things about it.

Q I think you and your wife would enjoy it.

Do you hear from -- you said there was Mr. Judge, and there was another name that escaped me.

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A Bob Ave, A-v-e.

Q You pronounced it --

A Ave.





Q I have seen it spelled A-v-e. I didn't know how to pronounce it.

Is he still alive?

A I believe so.

Q Do you have any contact with him?

A No.

Q Do you know where he lives?

A No.

Q Did he retire from Lorillard?

A Yes.

Q Obviously, you see your son, and he is -- then Dr. Spears is the current CEO, correct?

A Yes.

Q How old a gentleman would Mr. Ave, or however you pronounce his name, be?

A Oh, I guess Mr. Ave would be early sixties.

Q You don't know whether he is currently employed?

A No, I don't.

Q Did he retire on good terms?

A Yes.

Q And Mr. Judge, the same question?

A Yes.

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Tisch

Q Do you know whether Mr. Judge is a stockholder of Loews?

A I don't know.

Q The same question with Lorillard. Do you know that?

A What --

Q That is a very dubious question.

Other than the contact you had with him six to nine months ago, him being Mr. Judge, do you speak with him on the phone from time to time?

A No.

Q Was that visit in New York in the summer or winter, do you recall?

A I don't recall.

Q How old a gentleman is Mr. Judge?

A I would say late sixties.

Q Does the board of directors of Loews take recorded votes on any matters related to Lorillard?

A What is a recorded vote?

Q All in favor, raise your hand. I don't know. I am asking you.

A When you say recorded --

Q Votes.

A I mean, does --

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Tisch

Q Let's say Lorillard comes in and says, we want to build a plant in -- a new plant in Pennsylvania. Do you take a vote on the wisdom of that?

A No.

Q You just let them do it?

A Yes.

Q Never have taken a vote on anything related to Lorillard?

A Not that I recall.

Q Have you seen anything filed in the State of Florida case regarding Mr. Judge's health?

A Mr. Judge's?

Q Health. His physical condition.

A No.

Q Is he a golfer?

MR. WACHTELL: Presently or has he been?

A He has been.

Q Presently?

A I don't know.

Q Do you recall ever posing questions of lawyers for Lorillard about the status of certain tobacco and health research projects?

A No.



Tisch

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Q Do you know whether the hospital that bears your family's name distributes any tobacco and health literature to patients?

MR. WACHTELL: I have a very hard time fathoming how whether a New York University Hospital in New York City distributes such information to patients has anything to do with whether Loews is subject to jurisdiction in the State of Florida.

I will let the witness answer but --

A I don't --

MR. WACHTELL: -- but, Ron, you are really way beyond the pale.

A I don't know if they do or not.

Q Have you ever inquired in your capacity as CEO of Loews?

A No.

Q Have you ever been, while you have served as CEO of Loews, called upon to, as a member of the board of New York University, make decisions regarding smoking and health?

A No.

Q Do you abstain if such is presented to the board?

A It has never come up.





Q Are you familiar with the Columbia University Journalism Review?

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A I have heard of it and I have seen it.
Q Has an article in that journal been brought to your attention discussing CBS, Dr. Jeffrey Wigand, and Lorillard?
MR. WACHTELL: Do you want to show him the article and maybe he can perhaps answer your question in a more intelligent way?
MR. MOTLEY: Let me find out what he knows first.
A I don't remember seeing it.
Q Was it brought to your attention that such an article was being prepared and was being prepared by a former official of NBC?
A There may have been some mention, something vague about it, but I don't --
Q Were you interviewed by Mr. Grossman or someone working for him?
A I don't think so.
Q Do you recall whether you were -- have you seen an article in the Columbia University Journalism Review? And I think that is the name of the journal.





A I don't think I have seen the article.
Q You don't recall being interviewed by someone who prepared that article?
A I am sorry, I don't recall it. If I was, I mean I don't recall it at all.

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Q You know the incident about which I speak, that is the CBS -- the debate about CBS canceling, or CBS News or someone at CBS canceling a program related to tobacco and health, related to Dr. Jeffrey Wigand? Are you familiar with that?

A Yes.

Q You were CEO of CBS at the time?

A Yes.

Q You were a CEO of Lorillard -- of Loews Corporation at the time?

A Yes.

Q Have you reviewed any article in the New York State Law Journal -- again, I think that is the name of it -- that discusses the same issue from a legal perspective, that is whether or not there was a valid theory of liability that Brown & Williamson could use against CBS for airing the 60 Minutes program with Jeffrey Wigand being involved?

A No, I didn't read the article in the New





York Law Journal.

Q Have you ever heard of something called Kicks, K-i-c-k-s?

A Could you refresh my memory? I don't know what it is.

Q Do you ever recall there being a discussion with officers of Lorillard or by the

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board of Loews regarding a new product being contemplated, cigarette product being contemplated, whose name was going to be Kicks, K-i-c-k-s?

A No, I don't recall that.

Q Since you have been chairman of Loews, in the 1970s when Lorillard was a division of Loews was there ever a discussion at the board level of advertising cigarettes targeted to "the youth market"?

MR. WACHTELL: That question is not susceptible to an answer, Ron, the way you put it, because you are confusing two different corporations which have the name Loews.

MR. MOTLEY: Okay.

MR. WACHTELL: He was not -- Lorillard has never been a division of Loews Corporation.

MR. MOTLEY: All right.





Q What I am trying to avoid is my using the word "Loews Corporation" when I mean the holding Loews entity.

While Lorillard was a division of the Loews holding entity, whatever the name might have been, was there a discussion, to your recollection, about Lorillard proposing to market a cigarette focused or directed or targeting "the youth market"?

A I don't recall any discussion of that type.

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Q What level of expenditure by Lorillard in developing the new product would cause it to reveal in the budget discussions that we -- you informed me about -- what would have to be the level of expenditure before it would be brought to the attention of those budget discussions?

A Whatever Lorillard wanted to put into their budget disclosures, you know I don't -- there was no specific number ever used.

Q If they -- do you have any understanding of generally how much it might cost to introduce a new cigarette product into the U.S. marketplace?

A Yes. At a budget meeting somebody would say, what do you intend to -- if it wasn't in the





budget specifically somebody would say, what do you think this will cost to introduce?

Q You can recall -- can you recall any discussion in reference to a new cigarette brand that Lorillard proposed to introduce to the U.S. market, and can you recall anyone from Loews inquiring as to what market this cigarette was intended to achieve?

A Yes. I mean we brought out low-tar low nicotine cigarettes. Thin cigarettes. Ladies', women's cigarettes. I mean, over the years there have menthol cigarettes. I don't think a year or

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two went by without some line extension, new brands -- I am putting your partner to sleep.

Q He is regrettably not my partner.

MR. WACHTELL: But accurately asleep.

MR. MOTLEY: He may well be. I am not watching him. Until he falls in my lap, I will keep going.

A I am sorry. In every annual budget meeting there was some item of a new introduction, a new brand, a new line extension. The failure rate was enormous.

Q Were you as an executive or a member of





the board of Loews Corporation or Loews Theatres, whichever was the holding entity, ever given a copy of a marketing strategy report prepared incident to the proposed introduction of a new cigarette brand?

A May have been. I don't recall any specific one. I mean, there may have come across my desk a report. I couldn't recall anything specifically.

(Pause.)

Q When did -- what year did Loews acquire controlling stock, majority stock ownership share of CNA?

MR. WACHTELL: He told you this morning.

A 1974.

MR. MOTLEY: I know but I want to

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predicate it so I can go to the next --

A 1974.

Q We went into the gradual --

A Yes.

Q -- evolutions to the point where you are at now.

Do you recall any discussion between CNA officials once you acquired majority ownership, you meaning the holding entity, and Loews officers or





the board in connection with offering nonsmoking policy discounts for sale?

A Yes.

Q Do you recall when that was?

A Number of years ago.

Q Do you recall whether the Loews board was called upon to make any policy decisions in regard to whether or not such nonsmoking policies would be offered for sale?

A The Loews board?

Q Yes.

A No.

Q Did you sit on the CNA board?

A Yes.

Q Were you asked or did you recuse yourself from any policy decision regarding the CNA offering for sale of nonsmoking policies?

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A I didn't recuse myself. I -- it was a CNA decision to be competitive in the insurance market. And whatever they felt necessary, it was their call.

Q Did, in fact, CNA offer nonsmoking policies at a discount?

MR. WACHTELL: Again, Ron, I am going to





let him answer these questions, but I was advised by counsel representing the State of Florida yesterday, in connection with arguing the report of the special master, repeatedly assured the special master that the State was not going to be seeking to go into the activities of other subsidiaries of the parent company that had nothing to do with tobacco and had nothing to do with the State of Florida. You seem to be -- perhaps you are not aware of the representation that was made, but I do call it to your attention.

MR. MOTLEY: I am not aware of the representation that was made. But even if that representation was made, I believe that CNA activities do have something to do with the State of Florida's case insofar as the impact upon Lorillard and Loews.

MR. WACHTELL: I think the issue of CNA smokers' policy is as totally irrelevant to the question of whether Loews is subject to jurisdiction

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in the State of Florida as one could conceivably get. Even you will have a hard time thinking of a more irrelevant question. Nonetheless, I will let him answer.



Tisch

MR. MOTLEY: I think I already have done that. I asked him what he had to eat in Stockholm.

MR. WACHTELL: You are right, again. Go ahead, Ron.

A I am sorry. What was the question?

Q Have you ever heard of the Council for Indoor Air Research?

A I am sorry?

Q The council for Indoor Air Research?

A No.

Q Have any studies been funded to your knowledge, and brought to your attention as an officer of Loews Corporation which relate to the issue of environmental tobacco smoke?

A Studies haven't been brought to my attention.

Q How about the spending of money for research on that issue?

A Not specifically, no.

Q Do you know how much money was budgeted for 1995 by Lorillard to be contributed to the Council for Tobacco Research?

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A No.

Q Do you know why, if in fact it occurred,





the Council for Tobacco Research changed tax law firms in the late eighties?

A No.

Q Has the Council for Tobacco Research -- excuse me. Strike that. Has Loews Corporation adopted any policies related to smoking in the workplace, in your own workplace, in your own offices?

MR. WACHTELL: What does that have to do with jurisdictional authority? Could you enlighten me?

MR. MOTLEY: We'll find out maybe. I don't know.

MR. WACHTELL: No, you are not going to find out. You know you are not going to find out. This is getting silly, Ron.

A I don't know the answer.

Q Do you know whether or not smoking is allowed in the offices of Loews Corporation?

A I -- my understanding is there is a problem on smoking in the building that we're in, it is not a company policy. I think the building doesn't allow smoking.

Q It is a smoke-free building? Yes?

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Tisch

A I guess so. I guess that's what the...

Q Has Dr. Alexander -- have you asked in your capacity as an officer of Loews Corporation Dr. Spears to present you with any written papers, white papers as they are sometimes called, policy papers, factual papers, regarding smoking and health issues?

A No.

Q Whether you asked him or not, have you seen any papers prepared by Dr. Spears which address the smoking and health question?

A Not that I recall.

Q Same question in regard to any other employee of Lorillard.

A No.

Q Same question in regard to any employee of the Council for Tobacco Research.

A No.

Q Same question in regard to employees of the Tobacco Institute.

A No.

Q Same question with respect to anyone who is writing about smoking and health, other than government agencies.



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A No.

Q Have you ever read any -- as an officer of the Loews Corporation, have you ever read any smoking and health literature?

A I guess whatever appears in periodicals or newspapers that I read.

Q Do you know what I am saying when I use the term "a white paper"? If someone says, will you read this white paper on smoking and health, what would you understand a white paper to mean in that context?

A A report.

Q Discussing the issue?

A Well, discussing something, but I don't know if it is the issue but...

Q Sometimes it doesn't get to the issue.

A Never.

Q Have you ever read a white paper on smoking and health prepared by anyone?

A I may have. I don't recall any specifically.

Q The Lorillard company is not a member currently of the Tobacco Institute; did I hear you say that?





A I didn't say that.

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Q Is it true? Is Lorillard a member of the Tobacco Institute?

A I think it is.

Q Do you know while you personally owned an ownership interest in Lorillard if it ever resigned from the Tobacco Institute?

A I --

MR. WACHTELL: If he personally --

A I never personally owned an ownership interest in Lorillard.

Q You personally own an interest in Loews Corporation?

A Yes.

Q Part of the assets of which is Lorillard, correct?

A Subsidiary, yes.

Q So part of your asset, based on your investment in Loews, comes from Lorillard, correct?

A Could be. Sure.

Q While you had that indirect financial interest in Lorillard, do you know whether or not Lorillard resigned from the Tobacco Institute, from '68 to current?





A No, I don't.

Q If, in fact, they did resign was that discussed at any board meeting or discussed officer

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to officer at Lorillard to Tobacco Institute?

A Wait a minute.

Q If -- here is the premise. If Lorillard did, in fact, resign from the Tobacco Institute at any time for any reason, to your recollection, was that decision to resign discussed in advance with members of the board of Loews, the holding entity, or with officers, to wit yourself of the holding entity?

MR. WACHTELL: Object to form. You can answer.

A May have been. I don't recall resigning, any discussion about resigning. If they did it may have come to my attention at that time.

Q Do you recall any discussions about the advertising policies of the Tobacco Institute?

MR. WACHTELL: I don't understand that question.

Q The policies of the Tobacco Institute that might represent a governing code for its members regarding cigarette advertising.





A No, I don't.

Q To your knowledge, has Lorillard Corporation retained any law firms to collect and analyze documents historically generated by or received by Lorillard in connection with tobacco and health?

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A I don't know of any.
Q Are you saying they haven't been hired or you just don't know of it?
A I don't know of it.
Q How long have you personally been aware that Shook, Hardy & Bacon represented in some capacity Lorillard?
MR. WACHTELL: Your previous question was whether Loews Corporation had -- is this related to your previous question or not?
MR. MOTLEY: I don't remember what I said.
MR. WACHTELL: I do. Your previous question was whether Loews Corporation had retained counsel. If you are now asking him an independent question --
MR. MOTLEY: No. No. I meant to ask him -- if I said Loews, I misspoke. I meant





Lorillard.
MR. WACHTELL: You said Loews.
A You said collect papers --
MR. WACHTELL: You said Loews.
Q Here's what I think I said. Forget what I said. Let's start over.
A Sure.
Q To your knowledge, as an officer of Loews

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did Lorillard commission the retaining of a law firm to collect and analyze documents in the possession of Lorillard that relate to smoking and health?

A Specifically for that purpose?

MR. WACHTELL: Do you know?

Q Which included that as a --

A No, I don't know.

Q Have you personally formed any opinions about smoking and health that you have brought to a decision-making function as an officer of Loews Corporation? That is, have you formulated opinions yourself, personal to yourself, which you have expressed at Loews Corporation meetings, either of the board or of officers, which have impacted on any decisions?

A No.





Q Have you been briefed as an officer or member of the board of the litigation that has stemmed from the alleged use of Lorillard in the 1950s of quantities of a substance called Crocidolite, C-r-o-c-i-d-o-l-i-t-e, asbestos in filters?

A I knew about it, and the litigation.

Q Was that from the standpoint of it being reported to you that there were such lawsuits?

A Yes.

Q Were you asked to make any

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recommendations in regard to those lawsuits about Kent cigarettes and the micronite filter?

A Make recommendations?

Q Were you asked your opinions about what ought to be done?

A No.

Q Have you ever heard of the use of a substance called zeolite Z-e-o-l-i-t-e, in other Lorillard cigarette filter products?

A No.

Q Have you ever heard of the substance zeolite at all?

A No.





Q I take it then whether or not zeolite was used in filters has never been brought to your attention as an officer or member of the board of Loews Corporation? Zeolite?

A The name zeolite? I don't recall the name.

Q At all?

A No.

(Pause.)

Q Have you familiarized yourself in any way with any document retention policies of Loews Corporation?

A No.

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Q Have you as an officer of Loews Corporation or a member of the board relied on the expertise of Dr. Spears in the area of smoking and health research?

MR. WACHTELL: I don't understand what the question means.

MR. MOTLEY: Ordinary sense of the word.

Q Have you looked to him for advice, Dr. Spears?

A I --

MR. WACHTELL: Your question presumes --





MR. MOTLEY: That he has expertise?

MR. WACHTELL: No. It presumes that they needed advice. Let him -- you can answer the question.

A I have confidence in the management of Lorillard. I have confidence in Dr. Spears in --

Q In regard to management?

A In regard to the management of the Lorillard company.

Q Do you have confidence in him in regard to his knowledge of smoking and health issues?

A Yes.

Q Has he -- have you spoken with him, formally or informally, about smoking and health issues?

A Not specifically. It may have come up at

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meetings, budget meetings or something where he was in attendance where smoking and health issues may have come up. Did I call him specifically on it? No.

Q And he doesn't regularly report to you in any capacity on smoking and health issues?

A No.

Q Can you share with us, as you can recall





them, what reasons gave birth to the decision to invest in Lorillard back in the 1960s, late sixties?

MR. WACHTELL: What does that have to do with jurisdiction aside from the fact it is 30 years ago?

MR. MOTLEY: I don't know what his answer is. It may have everything to do with it. It may have nothing to do with it.

MR. WACHTELL: I assure you it has nothing to do with it.

MR. MOTLEY: I don't know. It may not today. It may next week.

MR. WACHTELL: Hope springs eternal, Ron. I will let him answer.

MR. MOTLEY: That's why we drill a lot of holes.

MR. WACHTELL: I know, but that isn't

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supposed to be the purpose of this narrow jurisdictional discovery. You can answer.

MR. MOTLEY: It was your metaphor, not mine.

A Lorillard was a public corporation.

Q Yes, sir.





A It was in a transaction to merge with Shendly Corporation. The deal was aborted. And ex -- the chairman but ex-chief executive of Lorillard was on the Loews Corporation, Loews Theatres Corporation, board of directors. A man named Louis Gruber, G-r-u-b-e-r. And when that deal was aborted we got into a discussion of the possibility of Lorillard being acquired by Loews Theatres Corporation. And it led to the acquisition of Lorillard by Loews Theatres Corporation.

Q Did Lorillard report to you, or someone working for you, the existence of any personal injury lawsuits against them at the time of the purchase?

A I don't recall that.

Q Did you ever become aware, either before or after Lorillard, you made the financial -- you, meaning the holding company, made the financial investment in Lorillard, that there were personal injury cases, people claiming disease from --

A Oh, sure.

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Q -- smoking Lorillard cigarettes?

MR. WACHTELL: Wait. Wait. Did he become aware after that there were? That there were





after or there were at the time of the acquisition?

MR. MOTLEY: Both.

A I don't recall any prior to the acquisition. But I'm sure in our due diligence if there were it would have been noticed.

Q Yes. And that leads to my next question.

Would the records of whatever due diligence that was done, and whatever due reporting was done by Lorillard to you, or any due diligence investigation done by people working for you about Lorillard, were those documents survived in the corporate files of either Lorillard or Loews today, to your knowledge?

A I would have no idea of that. Whether it was reported in writing or orally, I don't recall it.

Q Can you estimate for me, please, Mr. Tisch, if you know, the revenues of -- strike that. Can you proportionalize for me the profit income that Loews Corporation enjoys from Lorillard in connection with -- in contrast or comparison with the other subsidiaries of Loews Corporation? That

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is, is there a ranking, we get $10 from Lorillard,





20 from CNA last year? Can you do that? Is there a paper that does that?

A Yes. It shows in the annual report.

Q Yes, but I don't read that part of the bible very well. Can you do --

A If you want to show me the annual report, I can give you the exact numbers.

(Witness reviewing.)

A Actually, it is usually in the 10-K. I am trying to see if it is in the annual report, also.

Q I don't need exact numbers. I just want to --

A Yes. I think Lorillard earns, oh, I would say in the neighborhood of -- in 1995, for instance -- see, it gets very complicated because of the movement of capital gains on a year-to-year basis.

For instance, in 1995 Lorillard, of the net income, earned about 20 percent or 25 percent of the income of Loews Corporation.

I think in other years it has been higher. I would say on average it may be, if you take an average of five years or 10 years, it would

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be 40 percent.

Q Would that -- that is a net income figure?

A Yes.

Q Or a profit figure?

A Well --

Q To you that would be -- to the holding company net income would be profit?

A Yes.

Q Would that constitute, in those years that it was 40 percent, the largest producer of net income to Loews?

A It is close between -- on an operating company basis, I think it is close between CNA and Lorillard.

Q Do you know in 1990, just approximately, if you can recall, what percent of the net income to Lorillard was domestic cigarette sales versus foreign?

A 1990?

Q An approximate -- 19 --

A I would say it was all domestic.

Q Is there currently a foreign component to the income of Lorillard?



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A When I say all for 1990, I think the same would apply currently, I think it is -- it is 99 percent or 98 percent.

Q What foreign country is there with any sales in it that would represent even a half of a percent?

A There are some sales to foreign countries.

Q Which one, if you know? I have in mind the United Kingdom. Are there --

A I don't know of any sales in the United Kingdom.

Q Did you have any discussions -- let me rephrase that. Did you influence your son Andrew to seek the position of CEO of Lorillard, did he come to you and ask for the job, or did the board decide to do that? Can you give me the history of that.

MR. WACHTELL: Which board is in your question?

A My recollection --

MR. WACHTELL: Which board?

MR. MOTLEY: Both.

MR. WACHTELL: Which one?

Q Did the Loews board seek out Mr. Andrew





Tisch or did the Lorillard board seek out Mr. Andrew Tisch, or how did that happen?

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A I think my recollection was that Bob Ave was then CEO of Lorillard and the company was sort of not operating as well as it did under Curt Judge. And I think we felt that there a change could be beneficial.

Andrew Tisch was running Bulova, and I don't know whether it was my brother or myself at the time felt that perhaps it would be good for Lorillard if Andy replaced Bob Ave as chief executive.

Q Same question, Andrew Tisch no longer being the CEO. Was that a decision of his or a decision of Lorillard board, a decision of Loews board? How did it come about?

A I think it was a decision of Andrew Tisch and the Lorillard board.

Q Have you read any of the statements about tobacco and health that have been publicly made in the form of advertisements or testimony by officials of the Tobacco Institute? That is, statements to the effect that cigarette smoking does not cause lung cancer in America. Have you ever read those





statements?

MR. WACHTELL: Assuming those are indeed statements?

MR. MOTLEY: Yes, assuming that.

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A I read the newspapers and I read periodicals. If they're there, I would have seen them.

Q Have you ever intellectually challenged in your own mind the statement that cigarette smoking does not cause lung cancer?

MR. WACHTELL: I think you are going to have to be a lot more specific, Ron. If you show the witness a statement by Tobacco Institute --

MR. MOTLEY: Yes, sir.

MR. WACHTELL: -- that cigarette smoking does not cause lung cancer and then ask him if he has seen the statement, whether he has challenged it, that is one thing. I don't know what statements you are talking about. I don't know if you are talking about now or 50 years ago. You have to be a little more precise than that.

Q Let's talk about now. You are a chief executive officer of Loews Corporation. What do you understand the position to be taken by the Tobacco





Institute's spokes people regarding whether lung cancer is caused by cigarette smoke?

MR. WACHTELL: If you know.

Q If you know.

A I don't know what their position is.

Q Do you know what the position was 10 years ago?

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A No.
Q Have you ever asked?
A No.
Q Do you care?
A Tobacco Institute's position?
Q Yes, sir.
A I never focused on it.
Q It is true that part of the income of Loews Corporation that you are co-CEO of is reduced by expenditures such as payments to the Tobacco Institute, correct?
A Yes.
Q Are you not interested in the position that the Tobacco Institute takes in an advocacy standpoint about tobacco and health issues?
A I have never focused on what they said on the specific -- I mean, I don't recall seeing a





statement from the Tobacco Institute saying what you are quoting them as saying.
Q Same question, Anthony -- excuse me -- same question, Alexander Spears testifying under oath in Congress. Have you seen anything he might have said under oath in 1994 about tobacco and health research?
A I don't recall seeing it.
Q Same question of your son, Andrew Tisch,

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1994 under oath, tobacco and health.

A I --

MR. WACHTELL: Wait a minute. What is the question?

MR. MOTLEY: I am asking him if he has seen or read the statements under oath his son made to the Congress of the United States in 1994 when he testified on behalf of Lorillard, his son.

A I saw --

MR. WACHTELL: You had tobacco and health in your previous question and left it out on this one.

Q I will say that again. Tobacco and health.

A I saw that on video.



Q You saw him on video?

A Yes.

Q Have you reviewed the transcript of the testimony your son gave in the flight attendants case taken by Mr. Rosenblatt in 1993?

A No.

Q Over the years did you ever see reference to or read the testimony of Curtis Judge about smoking and health specific to the issue of whether cigarette smoking causes lung cancer in human beings?

A No.

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Q You have never seen any reference to that?

A I may have seen reference to it. I don't remember reading it.

Q As you sit here today, do you have a recollection of what the position of Lorillard, who represented 40 percent at times of the net income of Loews Corporation, was in a public position taken under oath regarding whether cigarettes cause lung cancer?

MR. WACHTELL: When, what oath and who?

Q Any time.





MR. WACHTELL: You can't say any time because the position may well have evolved over the years.

Q Okay. Let me ask you this. Do you know whether as we sit here today officials of the Lorillard Corporation are taking the public position that cigarette smoking does not cause lung cancer? Do you know what position they are taking?

A No.

Q You don't know? Same question in 1994. You saw what your son said, didn't you?

A No, I didn't see what he --

Q You saw a video you said?

A Yes.

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MR. WACHTELL: Your question presumes he has testified to that subject. I have no recollection of his testifying on that subject.

A I have no recollection of him testifying on that subject.

Q Who testified in 1994 from Lorillard in regard to nicotine and addiction?

A My son --

MR. WACHTELL: That is a quite different issue --





A That is a big difference than the question you asked me.

Q Then you have seen what your son said about smoking and addiction?

A Yes.

Q Did you see or read what Dr. Spears about that subject?

A I don't recall that.

Q Did you see or hear what Dr. James Glenn, the CEO whom you have indicated you met before -- correct?

A No.

Q You never met Dr. Glenn?

A Dr. Glenn?

Q James Glenn?

A You just said his name -- I don't understand you. His name, that is the first time it

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has been mentioned today.

Q Do you know it?

A No, I don't know him.

Q Okay.

A You said I spoke about him before.

Q I thought you had.

A You didn't ask me the question before,





and his name was never mentioned before.

Q I don't mean here.

A I don't think it is right to do that.

Q I didn't say here.

A I don't think it is right to behave that way.

Q Do you know Dr. Glenn?

A No.

Q Have you read anything he has had to say under oath regarding smoking and health?

A I don't recall it.

Q Nothing that he said?

A I don't recall it. If you point it out to me, maybe I would recall it but I don't remember.

Q Have you inquired at any board meeting of Loews Corporation, of Dr. Spears, or anybody else from Lorillard what the position of Lorillard is today on the issue of whether smoking causes lung cancer in human beings?

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A No.

Q Have you inquired as to what the position of Lorillard is at any time in the 1990s about whether cigarette smoking causes lung cancer?

A No.





Q Have you inquired any time in the 1990s as to whether or not nicotine is an addictive substance?

MR. WACHTELL: Inquired of whom?

MR. MOTLEY: Anybody in Lorillard. His son. Dr. Spears. Mr. Judge. Anybody.

A No, I -- no.

Q So your testimony is that you are the co-chairman of Lorillard -- excuse me -- Loews Corporation?

A Right.

Q Do you sit currently on the board of Lorillard?

A No.

Q When did you last sit on the board of Lorillard?

A Oh, it is many, many years, if I did sit at all.

Q At any time have you ever inquired in writing, you yourself, of anyone at Lorillard about what the position of Lorillard is on the very simple question of, does cigarette smoking cause lung

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cancer in humans?

A No.



Tisch

Q Never have?

A No.

Q Is it your testimony that you have never seen, whether you have inquired about it or not, a writing from an official of Lorillard empowered to speak on the subject of whether Lorillard accepts that cigarette smoking causes lung cancer in humans?

A I don't recall that.

Q Do you know whether in the section of the annual report of Loews Corporation that is devoted to statements by subsidiaries specific to, specifically Lorillard, whether any written words have been used on the issue of whether cigarette smoking causes disease in humans?

MR. WACHTELL: Which --

MR. MOTLEY: Any annual report.

MR. WACHTELL: But when you say the section -- what were your words?

MR. MOTLEY: What you gave me a few minutes ago -- if I can borrow it back from Mr. Tisch.

MR. WACHTELL: Could you show him what you are talking about?

MR. MOTLEY: Sure.

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(Pause.)

MR. MOTLEY: It is a letter to shareholders and employees that is contained in the annual report of 1995 which you kindly gave to me after lunch, on page 7.

MR. WACHTELL: No. Actually I told you we had given it to you previously.

MR. MOTLEY: You gave it to me. You may have given it to those asleep here, but not to me.

MR. WACHTELL: That's right.

MR. MOTLEY: My co-counsel.

Q Can you tell me --

A I would have to take a look at it. I can't see it from there.

Q Sure. And I am not saying there are such words in that annual report, but there is a section in there devoted to Lorillard.

MR. WACHTELL: What is the question, Ron? Whether in any annual report what --

MR. MOTLEY: That he can recall, has there been a writing ascribed to Lorillard officials which relates to the issue of whether or not cigarette smoking causes disease in human beings.

A I don't recall that.

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MR. WACHTELL: Is that one way or the other, or you don't know or --

A I don't recall any. There is nothing in here about it.

MR. WACHTELL: That is just one year.

THE WITNESS: No. There is nothing in here, and I don't recall it being in any other annual report.

Q To your knowledge, has Loews Corporation or Lorillard reported to the public in any written fashion directly or as the member of a trade association a position on whether cigarette smoking causes lung cancer?

A I don't know of any report.

Q Would you countenance or allow, as co-chairman of Loews Corporation, the reporting to the public by Lorillard of a statement regarding lung cancer and cigarette smoking which you personally believe to be untrue?

MR. WACHTELL: Object to the form of the question. It is hypothetical.

MR. MOTLEY: He may or may not have. I don't know.

Q Do you want me to start over?



Tisch

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A I wouldn't -- can I answer that?

Q Yes, sir.

MR. WACHTELL: You can answer.

A I wouldn't countenance reporting untrue statements.

Q Then if Lorillard has reported, either directly or through a trade association, in the 1990s that lung cancer is not caused by cigarette smoking, is that a statement that you believe to be true?

MR. WACHTELL: In the first place, you have to show me where they said that in the 1990s, Ron.

MR. MOTLEY: Who said what?

MR. WACHTELL: What you just said. And in the second place, no, you have got a real fallacy built into your question. You are asking him, does it mean it is true?

He has told you over and over that he does not concern himself with the business of Lorillard and its details, that Lorillard runs it. So the fact that they may have said something and that he would not countenance it being untrue doesn't mean he focused on it, approved it,





disapproved it. He has told you he has confidence in them to run their business. So your question is really a highly misleading one.

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MR. MOTLEY: Thank you for your testimony, Mr. Wachtell.

MR. WACHTELL: Well, you know what I mean. It was a trick question. It was a wise-guy question. I hate to say it, but that's what it was.

Q Mr. Tisch, sir, if Lorillard directly or indirectly through a trade association has made a public statement that says that cigarette smoking has not been shown to cause lung cancer in human beings, is that a statement which you believe to be true or false?

MR. WACHTELL: Could I hear that.

(Question read.)

MR. WACHTELL: That is basically a disguised question asking him his personal opinion on the relationship between cigarette smoking and health. I don't think that is a proper question within the purview as I understand the judge's rulings to be.

Is that correct, David?





MR. ROSS: That is correct.

Q Answer the question, sir.

MR. WACHTELL: Well, one moment. I want to consult with counsel here.

MR. MOTLEY: Sure.

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(Pause.)

MR. WACHTELL: I am going to direct him not to answer. As I understand the special master's rulings, it is highly inappropriate for you to be asking him his views on smoking and health. It is beyond the purview of this jurisdictional discovery.

MR. MOTLEY: He has testified that he would not, as chairman of the board -- let me finish, please -- countenance false statements being made to the public.

I am now asking him to assume that a statement was made to the public to the effect that I stated it, which I can show him that sworn testimony has been made on behalf of his company, specifically on behalf of his company, the company to which he has an ownership interest.

I am merely asking him if the statement were made, would, in his view, that be true or





false. I am entitled to do that based on his prior answer. Even without respect to the misapprehension that you gentlemen apparently have about the judge's intent.

MR. WACHTELL: First place, I have asked you to produce the statement and you have declined to do so. So you have a premise in your question which is improper.

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Second place, notwithstanding the fact that you have put a preamble to your question, your question amounts to nothing more than asking him his personal opinion as to whether cigarette smoking causes illness. That is not a proper jurisdictional question.

(Pause.)

MR. WACHTELL: Ron, we have been doing extremely well. Why don't you ask questions --

MR. MOTLEY: We are at a very basic point. I have just asked Mr. Maher, and Mr. Gentry is just so emphatic that you gentlemen are so gross -- not you, because you weren't there and I wasn't there -- whoever is construing this statement is doing so with such gross, as he put it, indifference to what was really said that I think we





are at a point now where we are just going to have to get a ruling from the court.

MR. WACHTELL: Ron, I am well aware that you have been trying to set this up for a ruling from the court. If you have any questions you want to ask on jurisdiction, get them. Then if you want to get a ruling from the court, you can get a ruling from the court. But if you don't ask questions on jurisdiction now, then forever hold your peace.

BY MR. MOTLEY:

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Q Mr. Tisch, I take it you are going to accept the admonition of your counsel not to answer that question?

A Yes.

Q Has the Loews board, to your knowledge, ever had an agenda item, or discussed smoking and health issues, just in general, at any time? Has it ever been an agenda item?

A Not an agenda item. The issue has come up in discussions, various discussions of Lorillard and lawsuits and things of that type.

Q Have you ever asked what position is Lorillard taking in lawsuits with respect to whether cigarette smoking causes lung cancer?





A I haven't asked that question.

Q Have you ever heard a position being articulated, whether you asked the question or not, as to the position Lorillard is taking in lawsuits about whether smoking causes lung disease?

A No.

MR. WACHTELL: I will state for the record that although it isn't my area, I think the representation that you previously made as to what the company's supposed position is is flatly inaccurate.

MR. MOTLEY: I suppose that is not your area because you haven't --

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MR. WACHTELL: No, that is not. That is my understanding.

MR. MOTLEY: Okay. Having just a month ago been up here and listened to the testimony under oath of Dr. Glenn and having shown that to these gentlemen just a week ago -- whoops, I can't say that. Strike that from the record.

BY MR. MOTLEY:

Q Mr. Tisch, were you advised of the judge's order in Florida regarding the scope of the mediation that was undertaken last week? Are you



aware that there was a mediation that was taking place in Florida last week?

A A mediation?

Q A mediation. A court-ordered discussion. A mediation. You know what a mediation is, don't you?

A Yes. I know what a mediation is but --

Q Were you told that a mediation was taking place in the State of Florida last week in regard to the State of Florida's tobacco case?

A I read something in the newspaper about it.

Q That was the only source of information?

A Yes.

Q Did anyone advise you or instruct you

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that the judge wanted someone in attendance at that meeting who would be in a position of entering into financial settlement discussions?

A No.

Q Were the officers or board of Loews Corporation advised as to who would attend on behalf of Lorillard?

A No. Well, let me say -- you said officers. I am only speaking for myself.





Q Okay. If Lorillard were to make a decision to get out of the cigarette manufacturing business and go into any other business, would Loews Corporation be in a position to stop them from exercising that decision?

MR. WACHTELL: Object to the form. He may answer.

A I think it would. I think Loews as the large shareholder would certainly have an interest in a decision of that type.

Q Was there a discussion amongst the officers of Loews Corporation or by the board of the efforts by the Brooke Group to make certain concessions regarding the U.S. Food and Drug Administration's regulation over cigarettes? Are you aware of that, generally?

MR. WACHTELL: Could I hear the question back.

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MR. MOTLEY: Yes. Let me ask this question.

Q At the board level of Loews, or in meetings within Loews of management and officers, was the subject matter of the effort by the Brooke Group to reach a settlement with certain state





attorneys general discussed?

A It may have been discussed at a board meeting.

Q If Lorillard were to decide to submit to FDA regulations, would the Loews board or Loews officers have the right to stop them from doing so?

A I mean, Lorillard -- we have confidence in Lorillard management certainly. I think it is a funny kind of question. If Lorillard management wanted to do something like that and it made sense, I'm sure the Loews board, if they ever presented it to the Loews board, would go along with management.

Q What if Lorillard's management made that decision independent of any others in the tobacco industry; that is, they decided the proper thing to do would be to submit Lorillard to the FDA's regulation, would the board of Loews have the authority to say, no, you can't do that?

A That is such a hypothetical question, I just can't picture --

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Q Why is that?
A Because, you know, can they do anything in the --
(Pause.)





Q I am sorry. I think I heard what you are saying.
A I think if the Lorillard management brought it to the Loews management to discuss the situation, I guess we would have a full-blown discussion on something like that.
Q Have you personally as co-chairman had any discussions with Lorillard management regarding any potential settlement or offer to submit, in part or whole, to FDA regulation?
A No.
Q Have you personally had any involvement with any discussions of making any payments to any litigants, be they state governments, class action plaintiffs' lawyers, or individual personal injury cases, any settlement of any cigarette litigation?
A No.
Q Are you aware of any such discussions?
MR. WACHTELL: Between who and whom?
MR. MOTLEY: Between anybody.
MR. WACHTELL: Well, you referred to Brooke Group a minute ago. You included --
MR. MOTLEY: No. I meant other than

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Brooke Group.



Tisch

Q Are you aware of any discussions involving Lorillard?

A No.

Q Whether Lorillard is involved or not aside from Liggett, are you aware of any other such discussions involving --

A No.

Q Reached any opinions, you personally as an officer --

MR. WACHTELL: What does all of this have to do with jurisdiction in Florida? Come on, Ron, could you spell it out.

MR. MOTLEY: It is control, c-o-n-t-r-o-l.

MR. WACHTELL: Whether he is aware of something has to do with control?

MR. MOTLEY: If he is not aware of it, it does not get to the question of whether he can make a decision for somebody else.

MR. WACHTELL: You can ask him if he is aware if the moon is made of green cheese and that would be just as relevant. You are totally divorced from anything having to do with jurisdiction in Florida.

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Tisch

MR. MOTLEY: Thank you, sir.

Q If Lorillard management decided to take out advertisements on billboards that proclaimed that cigarette smoking caused lung cancer, would the Loews board have the power to stop them from doing it?

MR. WACHTELL: The Loews -- you can answer.

A Loews -- we feel that we have a very responsible board and management at Lorillard. And as a major stockholder, if suddenly they did something that we considered off the wall, we certainly would give thought as shareholders to replacing that board.

Q Would the placement of advertisements, billboard advertisements, proclaiming that cigarette smoking causes lung cancer, would your vote on the board be so off the wall as to cause you to recommend that Lorillard management be replaced?

MR. WACHTELL: You are asking the same question I directed him not to answer before, and I will give him the same direction. He is telling you if it was off the wall, whatever it might be, that they have the power to replace the board of



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Lorillard. That, you are entitled to ask him.

To ask him what his view on smoking and health and what kind of a billboard should go up just again asks him his personal view on smoking and health. That, I will not let you ask him.

MR. MOTLEY: No, sir. I am asking him the question, sir, of whether he would consider such an effort by a Lorillard management to be so off the wall as to cause him to vote that management be replaced.

MR. WACHTELL: I know how you are trying to disguise the question, Ron, and you are very good at it. He has already told you if something was off the wall they would have the power to replace the board of Lorillard.

You are now seeking to ask a disguised question which asks him whether he thinks a particular point of view as to smoking and health is off the wall. There is nothing else in your question but that.

Q Same question, sir. If Lorillard were to participate in the funding of the distribution of flyers, bulletins, brochures, that proclaimed that cigarette smoking does not cause lung cancer, would





that be so off the wall that you would vote that the

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management be dismissed?

MR. WACHTELL: Once again, that is a disguised question asking him his view as to whether cigarette smoking causes lung cancer. I don't care how many different ways you seek to disguise the question, I am going to give him the same direction, Ron.

You can certainly ask him about the power to control Lorillard. Whether they, in fact, exercised that power. Whether they have involved themselves in the day-to-day business or otherwise in the past.

I have given you very broad latitude, and I intend to continue to. When you ask him his personal view on smoking and health, although I am sure we would be very interested to hear it, that is merits.

(Pause.)

Q Do you know what the term "pierce the corporate veil" means, Mr. Tisch?

A Yes.

Q Do you know whether in any lawsuit any entity has ever sought to "pierce the corporate





veil" between Lorillard and Loews?

MR. WACHTELL: Other than your friend in the Broin case?

MR. MOTLEY: Yes.

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A I don't know of any.
Q Whether it had to do with cigarettes or not?
A I don't know.
Q Patents or anything else. Has the board of -- has the board or any officer of Loews been involved in discussions regarding the selling of merchandise to the public which contains images of the cigarette brands that you sell? For example, T-shirts with images from Newport brand cigarettes?
MR. WACHTELL: Loews doesn't sell cigarettes.
MR. MOTLEY: Lorillard.
MR. WACHTELL: Has the board of Loews been concerned --
MR. MOTLEY: No, sir, Loews been discussed --
MR. WACHTELL: Whether Lorillard brands should appear on T-Shirts? You can answer.
A I don't recall the discussion.





Q Are you aware of any provision in the proposed rule making of the Food and Drug Administration which addresses the usage of images from cigarette brands on T-Shirts, backpacks and the like?
A I think there is something to that

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effect.

Q Has the board of Loews Corporation discussed that issue, that is the probity of that proposed rule making?

A No.

Q Have you in your own mind as a vote on the board of directors formed an opinion about the probity of that rule making?

MR. WACHTELL: No, you can't ask that question, because the question presumes that the Loews board would vote on a question of that nature. And he has told you over and over again that they don't run the tobacco business, that the Lorillard board does.

MR. MOTLEY: No, you may have told me that over and over again, but Mr. Tisch --

MR. WACHTELL: No, no, no, no. Not me, he. So please don't try to slip it in. It is





unworthy of you.

Q Mr. Tisch, has the board had any discussion about the probity of the FDA regulation in regard to selling, for example, Newport images on T-Shirts?

A It hasn't been discussed at the board.

Q Has the selling of merchandise containing logos and the like from Newport been part of any budget discussions that you described that have

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occurred --

A Not specifically.

Q Well, generally?

A I would think anything like that would be perhaps in the budget in the form of promotion, but it has not been discussed specifically as an item.

Q Have you or any member of the management team or the board of Loews inquired of Lorillard personnel whether or not they are assuring that the selling of merchandise that contains logos from Lorillard cigarettes is not meant to capture part of the youth market?

A I have enough confidence in the management and the board of Lorillard that they would not do anything that was not right. And when



you refer to youth market, I don't know what you are referring to.

Q If someone said they were asked to design something that would attract kids, k-i-d-s, what would you understand that to mean?

A That would be for people under 18.

Q That's what you would think, correct?

A Kids?

Q Kids.

A I would say, yes. And I am sure that nobody at Lorillard -- in Lorillard's management

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would condone that type of advertising or promotion.

Q Why are you sure of that?

A I know the people.

Q Have there been any discussions where Loews officials have said, don't do that, Lorillard?

A No.

Q Have there been assurances by Lorillard to Loews officials that they wouldn't do that?

A I mean, knowing Alex Spears and Marty Olowsky, I just couldn't picture them even contemplating anything like that.

MR. MOTLEY: Mark this, please, ma'am.

(Marked for identification.)





(Witness reviewing.)

MR. MOTLEY: Back on the record.

BY MR. MOTLEY:

Q Mr. Tisch, on August --

MR. REILLY: Is it a good point to take a break? How much do you have left?

MR. MOTLEY: I don't know. I would like to finish this point before we take a break.

MR. KRIGBAUM: Are you out of tape, sir?

THE VIDEOGRAPHER: No. I have about a minute and a half.

MR. MOTLEY: He has got a minute. Let me finish at this point.

A Go ahead.

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Q In August 1970 Loews's holding entity, whatever the name was then, owned 100 percent of the stock of Lorillard, correct?

MR. WACHTELL: He told you at that time it was the division of Loews Theatres.

Q Loews Theatres was owned by whom?

MR. WACHTELL: By the public.

MR. MOTLEY: Okay.

Q Including Mr. Laurence Tisch?

A Yes.





Q You were a shareholder and a corporate director of Loews Theatres in 1970?

A Yes.

Q What percent, approximately, did you own?

A 12, 13 percent.

Q That is a considerable stake of Loews Theatres?

A Yes.

Q You were the primary shareholder?

A I was the largest.

Q Largest shareholder.

Have you ever seen this document, Exhibit Number 3, which purports to be a letter from someone called Philip Gaberman, creative director, of the Robert, something or other, Inc. -- I can't read my copy, to a Professor Charles --

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A I never heard of Mr. Gaberman. I never heard of Robert Brian Associates. I never heard of Professor Seide.

Q Who could we turn to in Lorillard, if you know, that would have information about whether or not a sales promotion agency was commissioned by Lorillard to write such a letter as is represented in Exhibit 3?





MR. WACHTELL: If you know.

A I don't know who is still there from 1970.

Q You have never heard of the project called Kicks, I take it?

A No.

Q That never was brought to your attention?

A No.

Q To your knowledge, was there ever such a campaign --

A No.

Q -- to develop a cigarette aimed at the youth market?

A Well, I notice one thing here, before you go off half-cocked in your questions. It says here that "no attempt can be made to encourage persons under 21..."

I think in using -- in this letter -- and this letter is very ambiguous, because on one hand

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they say, "design that is attractive to kids," and then they define that as young adults.

I don't know anything about Kicks and I don't know anything about Robert Brian Associates and I don't know anything about Gaberman. Never





heard of them. But by the same token, I mean whatever it is, they define it as people over 21.

Q And it says, "The package design should be geared to attract the youthful eye... not the ever-watchful eye of the Federal Government"; do you read that in there?

A I didn't look at it.

Q Yes, sir. Would you look on the second page.

A I mean, I don't know. But --

Q You don't know what, sir?

A I -- the letter is so mixed up and it never happened. There was never a promotion for a cigarette named Kicks. We never brought out a cigarette named Kicks.

Q We who?

A When I say this -- I shouldn't say we. I should say Lorillard Company.

MR. WACHTELL: For the record, A, this isn't a Lorillard document. B, this is written by somebody else. C, the witness has said on the face

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of it it doesn't say what you said it said. D, it is back in 1970.

MR. MOTLEY: Do you have the lawyer on





camera?

MR. WACHTELL: E, Loews Corporation did not own Lorillard at that time. How much longer are you going to regale us with the relevancy? Maybe the tape has run out by now.

MR. MOTLEY: No. The tape has been focused on you, Mr. Wachtell.

MR. WACHTELL: It can focus on the witness.

MR. MOTLEY: No, it is not.

MR. WACHTELL: Then it can focus on me.

MR. MOTLEY: Do you want to take a break to change the tape?

THE VIDEOGRAPHER: We are off the video record. The time it 3:43 p.m.

(Off the record.)

MR. MOTLEY: Mr. Wachtell, on the record. Subject to us deciding to file a motion to clarify what he meant -- in other words, we may or may not do that, probably will, but I am going to let Mr. Maher and the Florida lawyers make that decision -- subject to the court ruling and allowing inquiry in those areas, we don't have any further questions of Mr. Tisch at this time.

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Tisch

I was told by --

MR. WACHTELL: Is that on the record?

MR. MOTLEY: That's on the record. Yes.

I was told by your colleagues, while you weren't in here, that they did not think that you folks would have any subject to inquire about, whether or not I got to ask any further questions.

MR. WACHTELL: It just shows you how wrong you can be. I have about two questions. Could you sit down, Larry.

THE WITNESS: Sure.

MR. MOTLEY: Then I may have to ask some more.

MR. WACHTELL: I doubt it.

MR. MOTLEY: In the event this gets protracted --

MR. WACHTELL: It is not going to get protracted.

MR. MOTLEY: In the event that this does, could Mr. Maher substitute for me in the event I have to run out of here?

MR. WACHTELL: Sure. It will not be protracted.

BY MR. WACHTELL:

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Tisch

Q You were asked by Mr. Motley whether you were aware of the circumstance of the cancellation by CBS of a program with respect to Dr. Wigand. I think you said you were. He then asked you whether you were CEO of CBS at the time. You said you were. He asked you whether you were co-CEO of Loews at the time. And you said that you were.

Did you have anything to do with that decision?

A Absolutely not. I was in the hospital at the time, and I had nothing at all to do with that decision.

Q You testified with respect to Andrew Tisch becoming CEO of Lorillard, that there had been some questions as to, I think you said, how the company was running under its then CEO who had succeeded Mr. Judge. And that, I think you said either Bob or you thought it would be a good idea, words to that respect, for Andrew to become CEO of Lorillard.

Who made the decision that Lorillard should bring in Andrew Tisch as its CEO?

A I think there was unhappiness within Lorillard at the board level of Lorillard at the



Tisch

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time that things weren't going as well as they would like.

Q Do you know who -- did the Loews board determine that Mr. Andrew Tisch had become CEO of Lorillard?

A I don't know how it happened. It was just -- I think it was a joint decision that Andrew would do a good job as CEO of Lorillard.

Q As majority, indeed sole stockholder of Lorillard, do you deem that Loews is entitled to make suggestions as to matters that may be of moment to Lorillard?

A Yes.

Q Who runs the business of Lorillard?

A The Lorillard board and the Lorillard management.

MR. WACHTELL: No further questions.

MR. MOTLEY: Thank you, Mr. Tisch, for your patience.

THE WITNESS: My pleasure.

MR. MOTLEY: Good to meet you, sir.

THE WITNESS: Good to see you.

(Time noted: 3:55 p.m.)



I N D E X

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A C K N O W L E D G M E N T

STATE OF NEW YORK:
COUNTY OF NEW YORK:

I, LAURENCE TISCH, hereby certify that I have

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read the transcript of my testimony taken under oath on the 2nd day of August 1996, that the transcript is a true, complete and correct record of what was asked, answered, and said during the deposition, and that the answers on the record as given by me are true and correct.

_____

LAURENCE TISCH

Signed and subscribed to before me

this day of

Notary Public



C E R T I F I C A T E

STATE OF NEW YORK )
: ss.:
COUNTY OF NEW YORK )

I, COLETTE CANTONI, a Registered Professional Reporter and a Notary Public within and for the State of New York, do hereby certify that

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the foregoing deposition of LAURENCE TISCH was taken before me on the 2nd day of August 1996.

That the said witness was duly sworn before the commencement of his testimony; that the said testimony was taken stenographically by me and then transcribed.

I am not related by blood or marriage to any of the said parties nor interested directly or indirectly in the matter in controversy; nor am I in the employ of any of the counsel.

IN WITNESS WHEREOF, I have hereunto set my hand this 2nd day of August 1996.

_____

COLETTE CANTONI

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